

SEPTEMBER 1991

\$ 2.50

# Nation's Business<sup>®</sup>

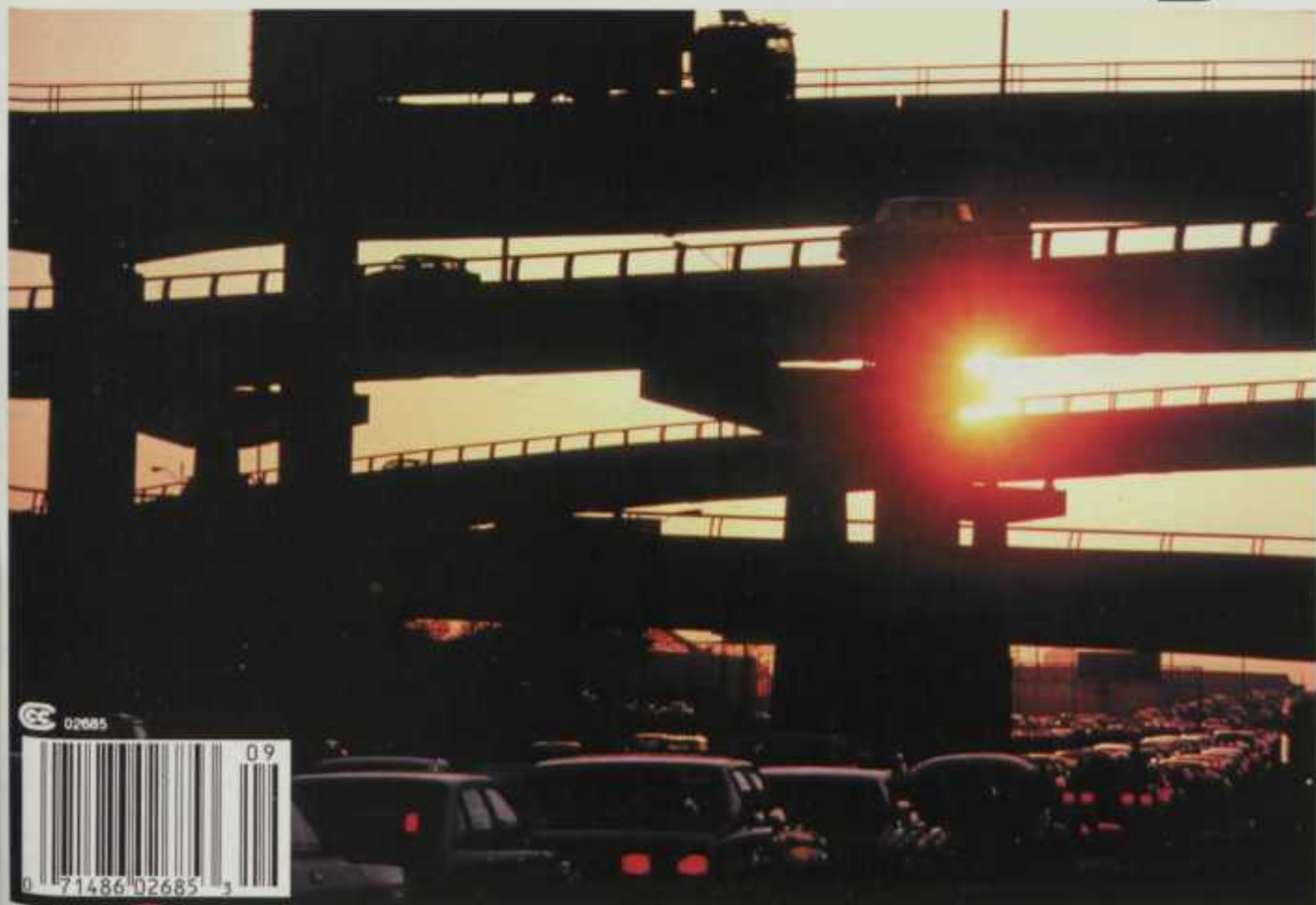
Published by U.S. Chamber of Commerce

**Congress Joins The  
Health-Care Debate**

**Feds Aim Blockbuster  
Weapon At Business**

**Ordering An  
Office To Go**

## *New Era In* **Road Policy**



02085

09



0 71486 02685 3

**TWO NEW OPTIONS TO OFFER YOUR CUSTOMERS**



## JIMMY



## SAFARI

Trucks are the fastest-growing vehicles in automotive sales. And you can capitalize on their popularity and revenue-generating potential by making GMC Truck S-15 Jimmy and Safari part of your rental fleet. They're comfortable, versatile and reliable. Great for business or vacation. Safari has available seating for up to eight. S-15 Jimmy, up to six. For more information, call GMC Truck Fleet Sales at (313) 456-6000.

©1990 General Motors Corporation. All rights reserved. Jimmy is a registered trademark and Safari is a trademark of General Motors Corporation. Let's get it together. Buckle up.



**It's not just a truck anymore. It's quality on the road.**



Circle No. 22 on Reader Service Card





\$5,000,000 project.

Seventeen contenders.

One presentation.

Call 1 800 231-5800.  
(ext. 161)

The Dale Carnegie Strategic Presentations Workshop®. Learn how to prepare a logical argument. How to express ideas clearly, forcefully. How to think on your feet. To maintain control. To use your charts, slides, hands, humor. To capture,

THE DALE  
CARNEGIE  
DIFFERENCE

hold, and convince your audience. Over 400 of the FORTUNE 500 have the Dale Carnegie® difference. They realize its potential. Realize yours. Call now for our course catalog, Dale Carnegie Professional Development: How to win.

Dale Carnegie & Associates, Inc. Leadership Training Worldwide.

Circle No. 1 on Reader Service Card



# Nation's Business

Published by the  
U.S. Chamber of Commerce  
Washington, D.C.



PHOTO: CARTER SHAY

*Highway overcrowding spells costly delays for virtually all businesses. A new federal highway policy now being developed and innovative traffic-management techniques offer hope of relief. Cover Story, Page 20.*



*Compact printers and PCs: more powerful and affordable. Special Report, Page 29.*

## COVER STORY

### 20 A New Era In Road Policy

Federal policy-makers are pressing to expand the national highway system while states and localities experiment with technological innovations to make more efficient use of present roads.

## MANAGING

### 28 Making Molehills Out Of Mountains

How to make sure that the papers you pick up when you travel don't pile up back in your office.

### 35 The New Rules On Immigration

The 1990 immigration-reform law could affect your firm's access to skilled workers from other countries. Here are basic provisions you need to know.

### 52 Boosting Cash Flow

These low-cost ways to generate traffic can turn noncustomers into customers.

## SPECIAL REPORT

### 29 Portable PCs: Power Up, Prices Down

Notebook PCs, desktop replacements, palmtop PCs, and other products can maintain or boost your desktop computing power and help you run your firm while you're on the go.

## HEALTH

### 38 Prescriptions For Medical Costs

A Democratic plan to make firms pay for employees' medical coverage is heating up the health-care debate for the coming election year.

## INTERNATIONAL TRADE

### 42 Revitalizing A Country

Taiwan's \$300 billion program to rebuild its infrastructure offers opportunities for U.S. firms.

### 60 Free Trade Across The Rio Grande

The proposed free-trade pact with Mexico would be a plus for small U.S. companies, particularly as suppliers and contractors.

## ENTERPRISE

### 44 Building On A Blazing Start

The Blue Chip Enterprise Initiative is entering its second year of helping small businesses learn from one another.

## FAMILY BUSINESS

### 48 The Power Of Patient Capital

Good reasons to part with your money; investing for the long term; a son's return to a nest of troubles.

## LESSONS OF LEADERSHIP

### 53 The Ultimate In Ultrasound

In just eight years, Sam Maslak has built Acuson into an industry leader in medical technology.

## REGULATION

### 56 A Criminal Trap For Businesses

Criminal penalties for violations of broadly drawn federal regulations could put companies out of business and their officers in jail.

56—An Ounce Of Prevention

58—Laws With Sharp Teeth

## COPYRIGHT

### 62 Protecting Your Ideas

Copyrights are not for writers only. If you develop new products, this safeguard may help you.

## WHERE I STAND

### 76 On Unemployment Benefits

Your response to this poll will be provided to key members of Congress as they consider legislation to expand unemployment benefits.



# Editor's Note

## The Road Ahead

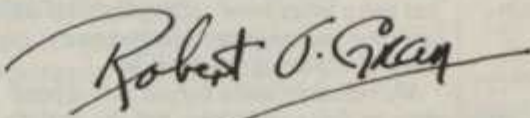
In many respects, roads are the lifelines of small businesses. Trucks deliver parts to manufacturers and carry away finished products. Service companies need vehicles large and small to get to work sites. Customers, clients, and employees drive to stores, offices, plants, medical facilities, and other business-related destinations.

This key role of road transportation in a healthy economy was the driving force behind the historic decision 35 years ago to build the interstate highway system, which has had a profound impact on where we work and play. The network of limited-access, high-speed roads was an important factor in the economic growth of the Sunbelt and in the success of vacation attractions that have been built near interstate roads from coast to coast, to cite just two examples.

Construction of the interstates is now virtually complete, and we are heading into a new generation of highway policy. That policy is the subject of this month's cover story. It describes the current deliberations in Washington on this next phase of the national effort to make sure that our road system can meet the demands of a modern economy. This report also describes the historic background against which these deliberations are taking place.

If the availability of adequate highway transportation is a factor in the operation of your business—you're in a very small minority if it isn't—you'll need to keep informed on this historic transition to a new era in road policy.

I also recommend that you pay particular attention this month to our editorial, which deals with the current economic situation. You've probably been reading many official pronouncements that the recession is over or nearly over or about to be nearly over. Business people should be wary of such declarations, and this commentary tells you why much more remains to be accomplished before we can begin celebrating.



Robert T. Gray  
Editor



PHOTO: ©BOB DAEMWICH

**Herbal-products entrepreneurs Sylvia and William Varney. Making It, Page 13.**

### DEPARTMENTS

- 4 Letters
- 8 Entrepreneur's Notebook
- 10 Managing Your Small Business
- 13 Making It
- 64 Direct Line
- 66 To Your Health
- 67 It's Your Money
- 69 For Your Tax File
- 70 Franchising
- 72 Classified Ads
- 78 Congressional Alert
- 79 Editorial
- 80 Free-Spirited Enterprise

Cover Design: Hans A. Baum  
Cover Photo: ©Kent Knudson/Uniphoto

Nation's Business (ISSN 0028-0470) is published monthly at 1615 H Street, N.W., Washington, D.C. 20002. Tel. (202) 463-5850 (advertising). Advertising sales headquarters: 711 Third Ave., New York, N.Y. 10017. Tel. (212) 379-1440. Copyright © 1991 by the United States Chamber of Commerce. All rights reserved. Subscription prices (United States and possessions): one year, \$22; two years, \$35; three years, \$46. For Canadian and other foreign subscriptions, add \$20 per year. Printed in U.S.A. Second class postage paid at Washington, D.C., and additional mailing offices. POSTMASTER: Send address changes to Nation's Business, 4940 Nicholson Court, Kensington, Md. 20895. To inquire about your subscription, or to make a change of address, please call 1-800-838-6582, or in Maryland, 1-800-352-1450. Photocopy Permission: Where necessary, permission is granted by the copyright owner for those registered with the Copyright Clearance Center (CCC), 21 Congress St., Salem, Mass. 01970, to photocopy any article herein for a fee of \$1.50 per copy of each article. Send payment to the CCC. Copying without express permission of Nation's Business is prohibited. Address requests for bulk reprints to Nation's Business Reprints, 1615 H Street, N.W., Washington, D.C. 20002, or call (202) 463-5877. ISSN 0028-0470/91 \$2.00.



PHOTO: CHENLEY & SARGENT-UNIPHOTO

**A road system for a modern economy: The next phase is under consideration.**



# Letters

## Support For Canada's Health System

Why are you so negative on the [nationalized] Canadian health system? I personally know hundreds of people of all ages in Canada, and not one of them has ever experienced the delays or rationing that critics allege.

A recent broad-based survey shows that 56 percent of Canadian citizens think highly of their system, the highest such support in the industrialized West. Only 10 percent of U.S. citizens think highly of their medical-care system, the lowest percentage in the industrialized West.

The most important benefit of all is the freedom employers would have under a system like Canada's from ever having to spend another minute worrying about employee health insurance. Management productivity would receive a much-needed boost.

Employee productivity would also increase since worry about health-care insurance must be one of the greatest causes of anxiety in this country.

*Ryner D. Wittgens  
National Allergy Supply, Inc.  
Duluth, Ga.*

## An Addition To A Listing Of Breakdown Insurers

Your listing of companies providing insurance against mechanical breakdowns [It's Your Money, August] failed to mention Mechanical Breakdown Administrators, which has been marketing automobile-warranty programs direct to the consumer since 1984.

We sell programs ranging from 36-month/36,000-mile coverage to 72 months/100,000 miles. We feel that our Gold Shield Plan is more comprehensive than [any plan] anyone else is selling. In addition to the normal breakdown coverage, for example, we cover hotel and restaurant bills if the breakdown of a covered part occurred more than 100 miles from the insured party's residence and the vehicle must be kept overnight for repairs.

*Gaylen M. Brotherson  
President*

*Mechanical Breakdown Administrators  
Scottsdale, Ariz.*

## Barter's A Bargain For Those Who Know

The barter article, "When Money Is No Object" [July], was very well written and informative. My company has been in the barter business since 1982, and we appre-

ciate other people now realizing what we have always known.

*Barbara Archibald  
President  
National Commercial Exchange  
Largo, Fla.*

## A Second Economy

Our information is that over 78 percent of the current "Fortune 500" companies are



PHOTO: SEAN BARTHELOMEW

Custom rug maker Celia Blum of Beverly Hills, Calif., saves money with barter.

engaged in barter transactions. Your focus on retail trade missed this huge market. We assist in major purchases, ranging from \$10,000 to about \$500,000. In Los Angeles, we are even negotiating to facilitate trade for an arm of the city government.

Barter's back and will continue to be an exploding secondary economy.

*Matthew L. Talbert  
President/CEO  
Associated Corporate Barter Services  
Hollywood, Calif.*

## The Arctic National Wildlife Refuge And Alternate Energy

In your continuing debate about the Arctic National Wildlife Refuge (ANWR), you had a letter from Jeffrey Cefali [July] favoring solar-energy development instead of exploring the ANWR.

We certainly must curtail our dependence on finite resources, but the obvious answer is not solar, it's nuclear. The short-term solution is to open up offshore areas and places such as ANWR.

The reserve is a joke as far as protecting wildlife, which has done very well

actually using the structures of the Alaska pipeline and Prudhoe Bay.

We need to stop protecting wildlife (which generally adapts and protects itself) and start protecting human life.

*John K. Aldrich  
Littleton, Colo.*

## Let Bankers Stick To Their Knitting

I sincerely hope it is "An Uphill Fight For [the] Bank Bill" [July]. There is no question that we have too many banks and consolidation will take place as weaker banks fail. However, to permit large commercial banks into yet other fields such as securities, real estate, and insurance, when management has not demonstrated proper expertise in banking, is preposterous and ludicrous.

*Charles R. Treadgold  
President  
Hamlin, Robert & Ridgeway Ltd.  
Albany, N.Y.*

## What Makes The World Go Flat?

While it may be difficult to represent the earth's spherical shape on a flat surface, it can be done with considerably more accuracy than the Peters Projection map ["Free-Spirited Enterprise," July].

In fact, no conventional rectangular map can do the globe justice.

R. Buckminster Fuller's Dymaxion™ map uses triangles to show the whole planet in accurate scale. One reason the map hasn't been adopted for widespread usage is that it is copyrighted, and therefore not in the public domain for free reproduction.

*Jeffrey L. Fox  
Williston, Vt.*

## Blame It On The Victorians

The headline on your article about acoustical expert Peter D'Antonio [Making It, August] says, "Music May Tame The Savage Breast..."

We all know that music may tame the savage beast. What was intended?

*Elizabeth K. Evans  
West Chester, Pa.*

[Editor's Note: The source of the headline is a quotation from Restoration playwright William Congreve (1670-1729): "Music has charms to soothe the savage breast/To soften rocks, or bend a knotted oak."]

The first line has long been misquoted



# Savings are packed and ready to go.



## *AT&T Corporate Calling Card* Essential to the business on the move.

If your company has monthly long distance phone bills of just \$50 or more, you can save money on long distance calling card calls. Because AT&T offers savings on calling card usage with the *AT&T PRO™ WATS* volume discount plan. So your savings can go wherever your business takes you.

What's more, when you use the *AT&T Corporate Calling Card*, you can be sure you're using the quality AT&T network for all your long distance calls. And you're protected from the higher rates charged by some unfamiliar operator service companies. Rates that can be two to three times the AT&T price.\* So you're always getting the quality AT&T service you want and prices you expect.

### **Cost control. Another AT&T advantage.**

Whether you're a company of one or one hundred, you can get *AT&T Corporate Calling Cards* for your company free. Call **1 800 225-6136, ext. 430.**



\*Based on a comparison of billed charges and surcharges of alternate operator service companies.

©1991, AT&T.



**AT&T**  
The right choice.

Circle No. 53 on Reader Service Card



through substitution of "beast" for "breast," probably in recognition of the sensitivities of a bygone era.]

## The Credit Card Rebate Method

The best way to get a rebate on the value-added tax paid on a purchase abroad [It's Your Money, June] is to process the rebate as a credit on a credit card.

The advantages: less hassle, the best exchange rate, and no postage for the card holder or the merchant.

At the time of the purchase, merely have a card's credit form embossed and filled in with the VAT amount. The credit form can then be easily processed by the store after the store receives government notification of your departure. The credit appears on your monthly statement.

Arthur F. Christensen  
Covington, La.

## No More Apple A Day

Some of us, though enamored with the technology, have forsaken the Apple Macintosh for the very reason stated in the March Small-Business Computing column ["A Bushel Of New Apples"]. As Contributing Editor Jon Pepper stated, "Apple's patent stronghold means you can buy a Mac computer only from Apple."

The same goes for the observation in Small-Business Computing for June concerning regrets by many computer users that the Commodore Amiga "has never caught on as a general business machine."

Having experienced the benefits of an open (cloneable, expandable, published specs) PC decade, we are not willing to consider a desktop solution for the '90s that offers any less. Workstation companies, specifically Sun Microsystems, have brought the power of their open solutions to the price level of PCs.

The Sun systems may seem a little more pricey than the Macs, but their performance is remarkable for the price.

John Neubert  
Director, Academic Computing  
Drew University  
Madison, N.J.

## Contests For Women Entrepreneurs

Thank you for the mention of our past and future contests for women entrepreneurs ["Aim For The Prize," Women In Business, July].

Your article failed to mention that the National Association for Female Executives (NAFE) will be our co-partner in the contest, to be announced in the February 1992 issue of *New Woman*.

We are very proud of our new associa-

tion with this organization, and it deserves much of the credit for the new contest, which will offer \$50,000 in prizes to three winning businesses.

Susan Kane  
Executive Editor  
New Woman Magazine  
New York

## A Caution About Rollovers

Peter Weaver aptly points out in *It's Your Money* [May] that the rental of a former home may provide significant economic and tax benefits.

However, he failed to mention one essential caveat: If the former principal residence is effectively converted to a rental property, the gain-deferral provisions may be lost. In other words, if the homeowner eventually realizes a profit on the sale of the newly converted rental property, he or she cannot roll over the gain.

This may bring devastating consequences to a homeowner expecting to have the use of the tax-free net equity in the former home.

Rick K. Shapira, CPA  
West Hartford, Conn.

## Mortgage Magic, Yes, But Avoid Sleight-Of-Hand

Peter Weaver's advice in "Making Mortgage Magic: Pay Now To Save Later" [*It's Your Money*, July] should have been accompanied by a note of caution. While home equity traditionally has been a good investment, it has never been considered a liquid investment.

Currently, given the slow and soft residential real-estate market, one might caution that there is no guarantee that such increased home-equity investment will ever be realized by the homeowner, since a sale or refinancing cannot be assured.

Rather than accelerating home-mortgage repayment in order to save mortgage interest (that is deductible), homeowners should consider, first, reducing credit-card and other personal debts, which generally are at higher interest rates than mortgage interest. Furthermore, the repayment of such revolving debt can be considered a liquid "investment" since the funds can be reborrowed.

Andrew M. Smith  
Weil, Gotshal & Manges  
New York

Send letters to Editor, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062, and include your phone number. Letters addressed to the Editor will be considered for publication unless the writer requests otherwise, and they may be edited and condensed.

# Nation's Business

The United States Chamber of Commerce, publisher of *Nation's Business*, is a federation of businessmen, trade associations, local and state chambers, and American chambers of commerce abroad.

**CHAIRMAN OF THE BOARD**  
C.J. Silas  
**PRESIDENT**  
Dr. Richard L. Lester  
**GROUP VICE PRESIDENT/COMMUNICATIONS**  
Dr. Carl Grant  
**VICE PRESIDENT/PUBLISHING**  
David A. Roe

**EDITOR**  
Robert T. Gray  
**DEPUTY EDITOR**  
Ritely Hetch  
**ASSISTANT TO THE EDITOR**  
Mary McElveen  
**SPECIAL CORRESPONDENT**  
Sharon Neltus  
**SENIOR EDITORS**  
Joan C. Raab, Roger Thompson, Albert G. Holzinger,  
Terence F. Shaw, Michael Barrier  
**ASSOCIATE EDITORS**  
Janet L. Wilen, Meg Whitemore  
**SENIOR WRITER**  
David Warner  
**STAFF WRITER**  
Bradford McKee  
**CONTRIBUTING EDITORS**  
Henry Altman, Julie Candler, John L. Ward,  
Craig E. Arnold, Jon Pepper, Charles A. Jaffe,  
Peter Weaver, Albert B. Ellentuck, Kevin P. Meath

**ART DIRECTOR**  
Hans A. Baum  
**SENIOR DESIGNERS**  
Angela Reed Hresse, Kathy Reuter  
**SENIOR ARTISTS**  
Kathleen Vetter, Deborah Jenne Herzig  
**PHOTO DEPARTMENT**  
Laurence L. Levin, photo editor  
Frances Burchardt, assistant photo editor  
T. Michael Kena, chief photographer  
**ART PRODUCTION ASSISTANT**  
Theodora D. Taylor

**PRODUCTION DIRECTOR**  
Shirley Yoder  
**PRODUCTION MANAGER**  
Jeffrey W. Bartlett  
**PRODUCTION COORDINATOR**  
Stephanie Obermeyer  
**PRODUCTION ADMINISTRATOR**  
Seretha Armstrong

**U.S. ADVERTISING**  
Robert H. Gotshall, marketing director  
(312) 354-1180  
Pete McCutchen, Eastern advertising director  
(312) 370-1440  
Kathleen Brown, administrator  
**ADVERTISING MANAGERS**  
Atlanta (404) 393-0140  
James M. Yandle  
Chicago (312) 346-3520  
Terry Kay Nantz  
Dallas (214) 387-0404  
Richard Chalkley  
Southfield, Mich. (313) 354-1180  
Richard Topous, Michael McNew  
Los Angeles (213) 631-1400  
Tom Rowman  
New York (212) 370-1440  
Jerry V. Campione  
Joseph Adduci, Neil Haddon  
San Francisco (415) 421-7436  
Richard A. Sands

**CLASSIFIED ADVERTISING**  
(202) 463-6640  
Jonathan Shinerd, manager  
Marla Scher, sales representative

**INTERNATIONAL MARKETING**  
(202) 463-6716  
Ed Mutaz Sombol, director

**CIRCULATION**  
Elizabeth A. Allen, director  
Lucy Oliver, manager  
Linda Glasco, marketing services manager

**PROMOTION AND RESEARCH**  
Janice Grossman, director  
Nancy Swanson, research manager  
Gabrielle Fardwell, promotion coordinator

**BUSINESS MANAGER**  
Leonard L. Hippa



# IN THE MORNING IT'S A RACE CAR.



# IN THE AFTERNOON IT'S AN ECONOMY MODEL.

**OUR PRIORITY OVERNIGHT SERVICE DELIVERS BY 10:30 A.M. NEW STANDARD OVERNIGHT SERVICE DELIVERS BY 3:00 P.M. AT ONE OF THE LOWEST PRICES AROUND.**

Federal Express is now the only air express company to offer two next-day delivery service options. Our Priority Overnight Service™ can deliver your most time-sensitive shipments by 10:30 A.M.\* But if you can wait until the afternoon, new Standard Overnight Service™ will deliver

packages up to 150 lbs. by 3:00 P.M.\* At a price that's tough to beat. And of course both Priority Overnight and Standard Overnight come with all the service and reliability you expect from Federal Express.

We figure all that now makes us two times better than the competition.



**Absolutely, Positively,  
The Best In The Business.™**

\*See Federal Express Service Guide for delivery commitment in your area. Claim based on services offered by major competitors.

Circle No. 36 on Reader Service Card.

# Entrepreneur's Notebook

## An Overseas Gamble That Paid Off

By George Garber

**M**any would-be entrepreneurs dream of earning their grubstake by working overseas. And it's possible: A friend of mine landed a job in Saudi Arabia at \$160,000 a year, half of it tax-free. A year or two at a salary like that can give you a pretty good start on whatever you want to do next. But that road isn't open to most of us. The high-paying jobs are few, and usually they're available only to people with special skills.

I took a different route. I went overseas not to take a job but to start a business.

In the early '80s I was working for an engineering firm in Virginia. The firm was small but had carved out a unique niche for itself, helping contractors build extremely flat concrete floors—some for laboratories and television studios, but most for warehouses where forklifts would be used in narrow aisles.

I liked my job. The pay was sufficient, and the owners treated me fine. But there was never any doubt that they were the owners and I was the employee. I would never own the business. I wanted more.

My opportunity came in 1983. The company had received a couple of inquiries from England, but the high cost of transatlantic air travel made it impractical for us to sell our consulting services there. The obvious answer was a branch office, but the owners couldn't afford the high cost of a traditional overseas branch.

I offered them a solution. I would go to England at my own risk—for a piece of the action. I would contribute time and a willingness to work for nothing, at first. The owners would contribute some surplus equipment and a small sum of seed capital to cover early expenses, which turned out to be about \$9,000. If I succeeded, a big share of the British profits would be mine. If I failed—well, we all know what happens when a business fails.

Because my incentives were better than those of the average salaried expatriate, I found ways to do things for a lot less money. Big companies hire lawyers for immigration paperwork, for example, but I discovered a category called "sole representative of a foreign company," which got me into Britain with very little red tape. I prepared my own application.

Once there, I headed for a small town and rented a modest furnished house, which would serve as home and office for the

following 18 months. To visit prospective clients I bought a secondhand station wagon for \$2,200.

Some expatriates demand private schools for their children; my son and daughter signed up at the local public schools.

I knew I'd have no income until I found customers, so I wasted no time in getting to work. I had a few contacts resulting from the inquiries my U.S. employer had received from British firms, but I had no contracts. In my first year I put more than 30,000 miles on that old station wagon. As I learned the ways of the country, I got better at finding the people who needed my services.

The new business wasn't wildly successful, but it prospered. Within a year, I had repaid the owners' original investment and was drawing a salary. Within two years, I had set up a separate English company, with ownership split between me and the owners of the original U.S. company. In the new company's first year (which started 19 months after my arrival in England), we earned a pretax profit of about \$48,000 on turnover of about \$215,000.

I'm happy with those results, but I don't think the payoffs were all financial. I truly liked living in England. My family and I got to know a fascinating country that most Americans never even visit. And I had the satisfaction of starting a company and seeing it become an accepted, respected part of the British construction industry.

Now I'm starting a new business in the States, importing construction-testing instruments from England—and using, I hope, the business skills I learned abroad. Starting a business on my own overseas made me acquire a breadth of

experience that I may never have gained if I had stayed on someone else's payroll in the U.S.

There was a lot of luck in what I did—as in most successful businesses. I was lucky to work for a company whose services were in demand overseas and whose owners were flexible enough to try an unconventional business arrangement. I was lucky, too, to set up in a country with a good business climate and a familiar language and culture.

Many small American companies would like to export their products but don't quite know how to go about it. If you work for such a company, know something about its business, and are willing to promote its products in a foreign country, the chances are good that you can make a deal.

And if you know a foreign language—even at the high-school level—you have an advantage over most other Americans in any country where that language is spoken.

If you're short on money but long on determination to have a business of your own, consider going overseas.



PHOTO: GAIL LISTER

George Garber with a device for determining the flatness of floors.

George Garber owns Garber Floor Testing, in Lexington, Ky. Readers with special insights on meeting the challenges of starting and running a business are invited to contribute to *Entrepreneur's Notebook*. Write to: Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062.



**NEW!**  
QuickPay -  
Payroll for Quicken!

"With QuickPay and Quicken I'm done calculating withholdings and cutting payroll checks in minutes. And I have a payroll report, or even a P&L instantly."

## "Now payroll is Quicken easy."

- Rick Roberts,  
small business owner

Introducing the fastest, easiest way to do payroll - QuickPay with Quicken. New QuickPay calculates deductions, fills out and prints payroll checks, and tracks the information you need for employer tax returns.

Best of all, it works within Quicken - the easiest and #1 best-selling bookkeeping software for small business.

### End payroll hassles.

No more flipping through tax tables! QuickPay uses built-in tax tables to automatically calculate payroll deductions for you - federal, state and local withholding taxes, Social Security and Medicare, state disability, federal and state unemployment - it's all there and all accurate.

QuickPay works for hourly, salaried and commissioned employees. It handles overtime, tips, 401k contributions, bonuses and more. And it prints voucher checks with period and year-to-date wages and deductions.

Payroll Deductions		
Subcategory	Description	Amount
1. Federal Income	FED Income Tax	1,200.00
2. Federal FICA	FED Social Sec	50.00
3. Federal FICA	FED Medicare	15.00
4. State Income	STATE Income	60.00
5. State FICA	STATE Social Sec	10.00
6. State FICA	STATE Medicare	3.00
7. Local Income	LOCAL Income	10.00
8. Local FICA	LOCAL Social Sec	2.00
9. Local FICA	LOCAL Medicare	0.60
10. Other Deductions	Other Deductions	0.00
<b>Total Deductions</b>		<b>1,468.60</b>

Simply select an employee, and QuickPay automatically calculates all wages and deductions for the period and year-to-date.

### Organize payroll records.

The payroll report provides information you need for your employer tax returns. It tracks your tax liability and employee deductions for 940s, 941s, W-2s and 1099s.

Plus, QuickPay keeps detailed employee records like filing status, exemptions and pay rates, to name a few. All perfectly organized in one place.



**\$10 off! QuickPay and Quicken together for just \$99.95.**

(a combined retail value of \$109.90)

### Simplify all your bookkeeping.

If you don't have Quicken yet, you'll need it to use QuickPay - and you'll be amazed how much time you save on the rest of your bookkeeping chores.

Quicken cuts bill paying time by memorizing regular payments, vendor names and addresses. It automatically tracks expenses like advertising, rent, office supplies, etc. to give you complete, accurate reports. And it generates P&Ls, Balance Sheets, A/P, A/R, Payroll, Job/Project reports and more.

**SPECIFICATIONS:** IBM: AT/PC, XT, AT, PS/2, PS/1, Tandy, and 100% compatibles with hard disk, 312K RAM and DOS 2.11 or higher. Guaranteed to work with all monitors and printers. Calculation taxes for the 50 U.S. states, Washington D.C. and Puerto Rico. Quicken (but not QuickPay) is available for Macintosh.

### Best of all, it's Quicken easy.

"Quicken easy" means screens that look and work like a paper checkbook so you always know just what to do. There's no accounting to learn. And if you ever have a question, we offer unlimited help by phone - free!

### Try for 60 days risk-free.

If you don't agree that QuickPay and Quicken make payroll and bookkeeping far faster and easier, you can return them within 60 days for a full refund - no questions asked.

Send in the coupon, or call

**1-800-624-8742**

24 hours a day, 7 days a week, U.S. and Canada

☐ **Yes**, send me QuickPay only for just \$49.95. (You must have Quicken to use QuickPay.)

☐ **Yes**, send me Quicken and QuickPay for the introductory price of only \$99.95 - \$10 off the regular price of \$109.95. If not completely satisfied, I can return my order within 60 days for a full refund. Free air shipping within the U.S. CA residents add sales tax. For coupon orders, allow up to 3 weeks for delivery in U.S., slightly longer in Canada. International shipping extra.

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Daytime Phone (\_\_\_\_) \_\_\_\_\_

IBM: ☐ 5-1/4" disk ☐ 3-1/2" disk

☐ Check enclosed (no purchase orders or C.O.D. please)

☐ Visa ☐ Mastercard ☐ AmEx ☐ Discover  
Card No. \_\_\_\_\_

Exp. Date \_\_\_\_\_

Signature X \_\_\_\_\_

Mail to: **Intuit**

P.O. Box 3014, Menlo Park, CA 94026

Or call:

**1-800-624-8742**

Ad Code: NB09Q



# Managing Your Small Business

*The strength of a sharp focus; getting grades from clients; the benefits of a backup budget.*

By Bradford McKee

## GROWING BUSINESSES

### Too Much Diversity Can Fragment A Firm

Losing focus is a risk in a growing company. Dan Schweiker says it cost him his coffee-bean shop 12 years ago in Phoenix, Ariz. Now, as co-owner of China Mist Tea Co., in Scottsdale, Ariz., he's determined to stay on target.

His first business, Schweiker says, was fraught with mistakes. He was undercapitalized. Then he accepted a bad promissory note. He was in a market about which he "knew nothing." He was 10 years ahead of the craze for freshly roasted coffee. His store was the second to open in a new strip mall yet to draw shoppers. And, Schweiker adds, maybe it was bad timing to start selling coffee in Phoenix on a spring day when it was 110 degrees Fahrenheit.

But his fatal mistake, Schweiker says, was to lose focus by diversifying the business—selling filters, accessories, and candies, and then supplying coffee to other stores.

So China Mist, which he owns with John Martinson, is keeping its "eye on the



Staying focused: China Mist Tea's John Martinson and Dan Schweiker.

rabbit," Schweiker says, by concentrating on China Mist's original intention of selling its tea to restaurants.

Schweiker says it isn't always easy for China Mist to stay only in its basic niche. The partners even have hired a consultant

to "keep us focused on what we're doing," he says. "There are always new avenues you could explore, and it's really tempting. But after nine years, I'm still learning something new every day about selling tea to restaurants."

## TRAINING

### Tips For Knowing When To Use Shortcuts

Some complex tasks occur so infrequently in a business that employers don't want to go to the expense of training workers to perform those tasks.

That's when shortcuts such as "job aids" can help.

Job aids, says training expert Kim Ruyle, are usually lists of instructions written on paper, such as checklists, recipes, flow charts, or worksheets. Ruyle, who is head of Plus Delta Performance, in Galesville, Wis., says that job aids are "cost-effective substitutes for training."

For instance, employees at Coghlin Electric/Electronics Inc., a Worcester, Mass., distributor, assemble the firm's product kits by following a written, step-by-step list of what to include, rather than memorizing all the required parts.

Gail Searah, an administrative assistant at Coghlin, says these detailed lists, or "processes," guide workers and reduce training time for difficult jobs.

Restaurant Associates Inc., in Washington, D.C., gives its caterers illustrated

charts for gathering dishes, silverware, glasses, and serving supplies. The charts depict the items and give the quantity needed for a particular event, thereby cutting the amount of time that workers spend on preparation.

Ruyle says that written or graphic job

aids work best in certain circumstances: when a task is complex and seldom performed; when speed isn't a factor; when the workplace doesn't impede the use of job aids; or when a job aid wouldn't stigmatize workers by seeming to be remedial.

## PLANNING

### A Hidden Budget Can Help A Business

At Miller Heiman Inc., a Reno, Nev., sales-strategy firm, CEO Diane Sanchez last year had two budgets drawn up, one for "business as usual," the other for "disaster."

A number of companies probably have hidden budgets they can swing to if cash gets tight, Sanchez says, but not everybody makes its "pinch" budget formal. Last August, Sanchez says, she saw the latest recession coming, and "I wanted it really clear from the beginning that we were going to continue to expand the operation" regardless of the economic climate. "I'm a great optimist," she says. "I never expected to have to use [the alternate budget]."

But when the recession arrived, she did have to use the pinch budget, which called for cuts across the organization, Sanchez says. The company had planned to enact its more austere spending plan last Jan. 1, but put it into effect two months earlier, at the start of the firm's fiscal year.

Sanchez says a backup budget can help either a struggling company or one simply preparing for its next growth stage. She warns, however, that if you don't make the secondary budget formal, "you have a hard time being fair."

For instance, many companies cut all advertising in tough periods. But it might be healthier, says Sanchez, to cut a little of everything and avoid a drastic drop in advertising—"having a plan so you're managing [costs] rather than just cutting."



when you  
think copiers  
think Mita.



**the image specialist.**

For more information write:  
Mita Copystar America, Inc.,  
P.O. Box 3900, Peoria, Illinois  
61614, or call 1-800-ABC-MITA.  
© 1991 Mita Copystar, Inc.



## TURNAROUND

## How A Firm Rebounded

Pevco Systems International Inc., a Baltimore company that installs pneumatic-tube carriers in buildings, lost much of its market and its focus in 1988 when a joint venture with a huge European company turned sour.

It was only through faith in the company that Pevco regained a share of the competitive pie, says the company's chairman, Fredrick M. Valerino Sr., who founded Pevco in 1978. Here is what Valerino says helped the firm rebound:

■ Pevco told employees about the firm's troubles in detail and solicited their help. Progress-report meetings for staff members were held every two months;



PHOTO: T. MICHAEL REZA

**Restoring competitiveness:** Fredrick M. Valerino Sr., chairman of Pevco.

now such sessions are held every quarter.

■ Workers are cross-trained in more than one department. The service staff, for example, is trained to do estimates, which used to be done only by installers.

■ An incentive plan lets workers keep part of whatever labor costs they save on jobs completed early.

■ Decisions now are made mostly from the "bottom up," says Gregory Hays, Pevco's vice president.

Quality improved, Hays and Valerino say, when the company developed a "tracking system" that pegs each component to a specific employee for accountability. Project managers were dubbed "CEO" of their own projects.

When the staff had been regrouped, Valerino set out to rekindle every former

business relationship.

The firm was profitable again within a year of the "disaster," Hays says, adding that the experience "forced us to be smarter."

## HUMAN RESOURCES

## Short-Term Managers Offer Talent And Reliability

If your company needs some short-term expertise, you might try hiring a temporary executive.

Recruiting experts say that by snapping up longtime managers who are leaving larger firms, small firms can gain experienced, reliable, talented professionals who require minimal training.

The transient-manager market is brimming with good candidates, says Shelley Votto, Philadelphia branch manager for ROMAC/Temp, a recruiting firm.

Larger companies that are reducing their staff size through layoffs or early-retirement programs are releasing experienced, dependable executives. Many of these professionals, however, want to

keep working, at least for a while.

Temporary managers typically fit in well when they take on such assignments, Votto says. They "always" show up on time for work and have "very strong work ethics."

IMCOR, a New York-based firm that recruits interim managers, reports that its average recruit is 51 and has 20 years of management experience.

Marketing professional James Holleran left IBM after 15 years and then took a temporary job at Zurich Depository Corp., a \$5 million Manhasset, N.Y., data-storage firm. He set up quotas, territories, and compensation levels for a sales and marketing system.

In fact, Holleran fit in so well, he says, that he "wound up running the company." He became president.

## CUSTOMER SERVICE

## "Report Cards" Offer A Client's-Eye View

Coffee Butler Service Inc., asks 10 simple questions of its clients whenever they get a delivery of coffee.

Among the questions: Was the delivery timely? Were delivery drivers courteous? Were the coffee machines clean? Do you like the coffee blend? Would you like to try another?

At least 85 percent of the customers fill out the "report cards," as they are informally called, says Sherry Hall, customer-service manager for the Alexandria, Va., company.

"The questions are clear and basic, which increases the response rate," says Hall.

Clients receive the postcards with coffee shipments and send them back by

mail; Coffee Butler Service pays the return postage.

All but a "handful" of the comments have been positive, Hall says, and some are "invaluable." One client wanted hand towels with each delivery. Another requested potato chips.

Several clients asked that the company clean the coffeepots more often—daily, some suggested—"so we increased our level of cleaning," Hall says.

Each client is served by a team—a driver, an account executive, and a customer-service representative. The team reviews the report cards, and any complaint made on a card is resolved by the employee responsible for that segment of the firm's operations.

The cards' principal value, Hall says, is in letting the company see itself as the customer sees it.

## NB TIPS

✓ Judging from the response to our July cover story, "Switching To Flexible Benefits," flex plans for small companies is a hot topic. As a result of the story, the Employers Council on Flexible Compensation, a Washington, D.C., lobbying and educational group, has been flooded with calls for information about flex. Accordingly, the ECFC is offering *Nation's Business* readers half-price tuition of \$300 for a two-day "Professional Practice Seminar" scheduled for Sept. 23-24 in Arlington, Va. This is a nuts-and-bolts workshop for novice flex practitioners. The tuition goes to \$345 for those who register after Sept. 5.

In addition, ECFC is planning a special educational conference on flex, tentatively scheduled for Nov. 17-18 in Washington, D.C., and designed for *Nation's Business* readers. It will provide in-depth information on how to start and administer flex plans for small companies. Those interested in either conference can call the ECFC at (202) 371-1040 for information or to register.

✓ Our August cover story, "Survival By The Numbers," described opportunities that demographic changes offer to entrepreneurs who keep current on those trends. The U.S. Census Bureau has since announced the availability of a major new resource to help them do that. *The Census Catalog and Guide: 1991* is a comprehensive listing of data products available and planned. It also lists more than 3,500 federal, state, and local sources of data and assistance, plus statistical publications and related products from other federal agencies. The catalog/guide is available for \$15 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402-9325.



# Making It

*Growing businesses share their experiences in creating and marketing new products and services.*

## Transforming Grief Into Triumph

Six years ago, Joann R. Schulz, her husband, Richard, and four others co-founded DGR Inc., a St. Petersburg, Fla., company. Richard became president of DGR; Joann, who had her own thriving consulting firm, sat on the board. DGR made intraocular lenses, the tiny plastic lenses that surgeons use to replace clouded natural lenses in cataract patients.

A year later, in 1986, DGR was passing through the sort of crisis that many infant firms endure on their way to success—or oblivion. DGR had exhausted its start-up capital, and its founders had already “had to go down to the bank a couple of times and borrow money against our personal assets, just to meet payroll,” Joann Schulz recalls.

Worse, the company had run into severe manufacturing problems. Intraocular lenses must be made with such precision that considerable scrap is unavoidable—but DGR had to throw out 93 percent of all the lenses it produced. “We had negotiated a large order with another company,” Schulz says, “to supply product on a private-label basis, and we couldn’t fill the order.”

“And then my husband died.”

Richard Schulz was only 44; he had suffered cardiac problems for about 10 years before his fatal heart attack. But he and Joann had not discussed the possibility of his death. “We were typical Americans,” she says. “We ignored all that.”

After talking with the other founders, she agreed to step in and run DGR for three months.

“The whole idea was that I would help get the financing put back together,” Joann says, “because I had been working with my husband on getting a presentation ready for the bank. And because I had my own consulting company, I wouldn’t require a salary. My plan was that once we got some money, we could go hire a president.”

The first couple of months were dicey, she recalls, as DGR fended off creditors while it waited for bank approval of a \$135,000 line of credit. “We were just starting to sell product,” she says, “and



PHOTO: GUY WITTEKAMP

**Joann R. Schulz**, *Small Business Person of the Year*, is now president of a San Francisco start-up that makes a workstation for laser eye surgery.

when the checks came in, we’d pay the bills.”

She brought in a new supervisor for the manufacturing of the lenses, and the scrap rate swiftly dropped to less than 50 percent. She cut costs wherever possible, she recalls, “and we kept the team fired up and motivated.” As Schulz toiled away, “three months turned into six months, and six months turned into five years.” For the first couple of years, Schulz kept her consulting business open, too, “basically to pay the bills. The only reason I didn’t lose my house was because of the consulting business. It was a very, very tough time.”

But, in the end, a very rewarding time, because she turned DGR into a successful

business. By 1990, sales had reached \$4 million and pretax profits, \$1 million. The “yield” of usable lenses had risen to more than 70 percent.

Her husband’s death “was a very bad and very traumatic thing for me,” Schulz says, “but as an outlet for my grief, I plunged into this project that he and I had, and wouldn’t let it go. That’s the reason, I think, the company succeeded. I was going to prove to the world that we could do this.”

The world took notice. Last May, Schulz joined President Bush in the White House Rose Garden to receive recognition as the 1991 Small Business Person of the Year. She is the first woman to be so honored (except in a



**Interested in  
just-in-time  
inventory?**

**Interested in  
controlling your  
transportation  
costs?**

**Interested in  
keeping on top  
of changing  
transportation  
regulations?**

**RY**

**DEDIC  
CONT  
CARR**

**Interested in  
better managing  
deliveries to  
the retailer?**

# If this page holds call

If you answered "yes" to three or more of these questions, it could be in your best interest to consider Ryder's Dedicated Contract Carriage.

**Interested in  
technological  
advances like  
routing models?**

From shipping raw materials inbound to a manufacturer to ensuring just-in-time inventory flow to providing automated inventory accounting at a retailer, Ryder is there. Every step of the way.

With Dedicated Contract Carriage, we develop a com-

**Interested in  
eliminating  
less-than-truck  
load shipments?**

**Interested in  
freeing up  
management  
time spent on  
transportation?**

**Interested in  
expanding your  
business into  
new geographic  
areas?**

**RY**

**DEDIC  
CONT  
CARR**



DER

ATED  
RACT  
IAGE

Interested in  
hiring and keeping  
qualified drivers?

Interested in  
more efficient  
handling of  
goods requiring  
special care?

Interested in  
getting an  
edge on the  
competition?

# Does your interest, Ryder.

Complete transportation system tailored to your needs. This includes vehicles, drivers, maintenance, software design, administrative management and more. All coordinated to improve customer service and cut operating costs. Best of all, Ryder manages while you remain in control.

Call Ryder at 1-800-446-5511, ext. 185, and ask about Dedicated Contract Carriage. Unless, of course, you've got no interest in this page.

**RYDER.**

1-800-446-5511

Circle No. 30 on Reader Service Card

Interested in  
safely transporting  
goods with a high  
per-unit value?

Interested in  
controlling  
tax, fuel and  
insurance costs?

Interested in  
lowering your  
cost-per-product  
delivered?

Interested in  
improving driver  
utilization?

Interested in  
better managing  
inbound  
transportation  
of raw materials?



husband-and-wife team) in the 27 years of the Small Business Administration's award program.

Schulz, 46, followed a path to the Rose Garden that was marked by more than one severe setback. She was born Joann Basabe (the name is Basque) in Orange County, Calif., and by the time she reached her early 20s she was already the divorced mother of a young daughter. Then she was injured in an auto accident, so severely—she spent six months in a body cast after surgery—that for three years she drew Social Security disability payments.

Her disability entitled her to state retraining benefits, and she used them to return to college, "which really put me on a new path," she says. "It was a tough thing to go through, but as a result I ended up in a different place."



PHOTO: STM OLLON—USA TODAY

**President Bush** saluted Schulz at a ceremony last spring in the White House Rose Garden.

That "different place" was a master's degree in biochemistry from the University of California at Los Angeles. She wanted to go on for her Ph.D., but she had to leave school in 1977 when her money ran out.

Once she started working, she says, "I never wanted to go back to school again. I loved the business world—it was fun, you got paid better, you had really challenging projects, and you had neat people to work with."

Schulz entered the business world just as the U.S. Food and Drug Administration was drafting its first regulations governing intraocular lenses. She was hired by a large hospital-supply company to work with the FDA and set up clinical trials for its lenses; as a result, she says, "I established myself early on as one of the experts in dealing with the FDA."

In 1978, she got a call for a job interview with a Florida optical-products company that had run into problems with the FDA.

She interviewed with the company's general manager, Richard Schulz.

At the end of the interview, she told him, "I think it's a wonderful company, I think it's a great opportunity, but I have real problems with the idea of working for you, because I think you're an SOB." Richard told her that cinched it—he wanted her for the job, Joann says, "because he knew I'd always be honest with him." They married a year and a half later, in 1980.

The Schulzes worked together for several years, until he left to work for another company, and she left to set up her consulting firm, RegTec, which offered advice to companies regulated by the FDA. Then came DGR, and the shock of Richard's death.

Now even DGR is a part of Joann Schulz's past. Last March she became president and chief operating officer of Phoenix Laser Systems, a publicly held San Francisco start-up that has been developing a laser workstation for eye surgery. Schulz served as a consultant to Phoenix for over a year before becoming its president; when she agreed to take the job, DGR agreed to be acquired by Phoenix. The two companies are still dickering over the terms—which means, as Schulz says, that she is in the odd position of negotiating with herself (she still owns 17 percent of DGR's stock).

Phoenix will begin offering its workstation to ophthalmologists this fall. The workstation, which incorporates technology licensed from the Strategic Defense Initiative, has been designed for extremely precise, computer-assisted surgery. Once the FDA grants its approval, doctors will be free to use the workstation to reshape corneas—and thus cure nearsightedness and farsightedness—in a way that Phoenix says will eliminate risks unavoidably associated with existing surgical procedures.

Schulz now works in a converted apartment in a Victorian building near the Marina District. As Phoenix prepares to introduce its first product, the atmosphere in its cluttered offices is decidedly upbeat—a feeling that fits perfectly with Joann Schulz's optimistic temperament: "I love this phase of the business—the start-up aspect. It's so exciting, and there's so much that happens every day."

And as for what might happen in the years ahead, she says, "I haven't gotten the chance to run a large company, but that would probably be fun, too."

—Michael Barrier

## Are They Still Making It?

*From time to time, we'll take a look back and see what has happened to some of the small businesses featured in Making It.*

In our July 1989 issue, we visited with Fess Parker, television's Davy Crockett and Daniel Boone. Parker had become a highly successful businessman in Santa Barbara, Calif., where he was half owner of a 360-room hotel, Fess Parker's Red Lion Resort. In 1989, he hoped to develop a parcel adjacent to the hotel as a subdued retail development.

Those plans have changed. Parker expects now to build a second hotel, a 150-unit luxury establishment with a "residential feel," designed to resemble the home of the last Spanish viceroy in Santa Barbara. As part of a *modus vivendi* with city officials and civic activists, he will include a nine-acre, \$8 million city park in the package. The proposed hotel still must clear some regulatory hurdles, but he's optimistic—and he thinks that this time, he'll be able to build without sharing equity.

In 1989, Parker planned to grow wine grapes on his 2,600-acre ranch, and he has done exactly that. He will harvest his first Riesling grapes this year, and his first chardonnay in 1992. He has been selling wines under the Parker label since last year, using grapes purchased from other Santa Barbara County vineyards. By next year, he says, Parker wines should be available in 35 markets around the country.

David Adelsheim has not tasted any Parker wines yet, but he has heard good things about them. Adelsheim is the Oregon winery owner we wrote about in the September 1989 issue. His wines, especially those made from the pinot noir grape, have won wide praise.

Wine sales have declined in the past few years, but large wine producers have been hurt worst. Small, high-quality wineries like Adelsheim Vineyard have typically done very well.

Adelsheim can sell all the wine he can make. His problem, he says, is that he hasn't been able to make enough—two or three times the current 10,000 cases a year—to lift his winery to the level of profitability he wants.

Small harvests and the popularity of Oregon grapes have made it difficult for him to find enough grapes to increase production. He's now exploring ways he might raise the money to increase the acreage of his own vineyards.

—Michael Barrier





## Express Mail offers pickup service.

We'll pick up as many packages as you have, all for a single charge of just \$4.50.

That includes Express Mail®

overnight service with low prices starting at just \$9.95, as well as Priority Mail™ two-day service between major markets

starting at just \$2.90. You see, even when we pick up, we deliver.

Call 1-800-333-8777.



 **EXPRESS MAIL**  
UNITED STATES POSTAL SERVICE

Circle No. 17 on Reader Service Card.



## Mountain Music And Herbal Delights In The Hill Country

Fredericksburg, Texas, is a town of about 7,500 in the Hill Country west of Austin. Founded by German settlers a century and a half ago, it still has a 19th-century flavor that draws many visitors. It's the perfect setting for two businesses that themselves hark back to the best parts of the past.

### The Sound Of "Peaceful Times"

John and Shirley Naylor brought their love of mountain music to Fredericksburg in 1987. They quickly became leading makers of dulcimers, the stringed instruments that thousands of folk-music performers have strummed and plucked while holding them in their laps.

In 1990, the Naylor's firm, The Dulcimer Factory, produced 6,000 dulcimers. The Dulcimer Factory is probably the largest manufacturer in an industry made up mostly of individual craftsmen.

The Naylor's, who are both in their mid-40s, met in Manitou Springs, Colo., where Shirley worked in accounting and sales for another dulcimer manufacturer. She had been raised in the Ozark Mountains of Missouri, and she fondly recalls the Sunday afternoons when her grandparents plucked out gospel and bluegrass music on the dulcimer.

John Naylor, a carpenter for 13 years in Louisiana, had moved to Colorado in search of work, and he became shop manager at the dulcimer factory.

After marrying, the Naylor's moved in 1986 to John's hometown of San Antonio to start their own business. Working out

of a garage, they made about 10 a week at first. They won immediate success selling the dulcimers at gun shows and county fairs.

Only two months after the Naylor's went into business, Command Music Corp., the country's largest distributor of musical instruments, offered to sell their dulcimers. The Naylor's moved their operation into a vacant, 3,500-square-foot building in Fredericksburg. Today, The Dulcimer Factory has seven full-time employees.

John says sales are increasing 10 percent annually, thanks to a resurgence of interest in folk music. In 1990, sales totaled around \$500,000. Prices for finished dulcimers start at \$89 and run as high as several hundred dollars.

The dulcimer has an enduring appeal, Shirley says: "It sounds like times gone by—peaceful times."

—Al Ebberts

### A Growing Business—Literally

When William and Sylvia Varney decided to have a child, they didn't want to raise it in a large city such as Houston, where they then lived. They searched for a small town and when Bill, a nurseryman, found a job in Fredericksburg, they settled there.

For Sylvia, an MBA who had been making \$70,000 a year, finding a new job was tougher. Finally, she and Bill decided she would open a small store, and, he recalls, they spent three weeks walking up and down Fredericksburg's Main Street, "trying to decide what this town could use."

They opened their store in 1985. What they came up

with has turned out to be just right not only for Fredericksburg but also for a growing list of mail-order and wholesale customers. They have built a thriving business (\$250,000 in sales last year, six full-time and seven part-time employees) on herbal products. The front yard of their store, a two-story limestone building, is an herb garden, and the scent of sage and oregano beckons passersby as persuasively as any sign.

The Varneys' business has two names: They use Fredericksburg Herb Farm for mail-order and wholesale, and Varney's Chemist Laden for their retail store ("chemist" in the British sense, to suggest an herbal pharmacist, and "laden," German for store).

The store originally offered herbal-scented toiletries and fragrances from other manufacturers, but the Varneys have steadily built a broad line of their own herbal products, ranging from perfumes to bar soaps to seasonings to teas to vinegars. Now almost everything in their catalog is their own. Not only are many of their products deliberately old-fashioned (one is the "tussie mussie," a Victorian-era nosegay of herbs and flowers), but their whole operation speaks of a time when everyone knew of herbs' restorative powers.

Bill Varney, 31, quit his job in the nursery less than a year after Sylvia opened the store; he estimates that he now devotes about 80 hours a week to the business. Sylvia, 35, has cut back since the birth of their son three years ago.

Success does exact its price, Bill admits: "Our whole philosophy has been to take time to smell the roses and use the herbs, but our business has grown so fast that I can't do it myself."

—Michael Barrier



PHOTO: GREG DAEMERICH

Shirley and John Naylor own The Dulcimer Factory, a leading manufacturer of the instruments.

Demand for their herbal products keeps Sylvia and Bill Varney working long hours.

PHOTO: GREG DAEMERICH







## Will you still be on speaking terms with your new phone system in five years?

NEC realizes that a phone system must talk to your immediate needs. But it should also be conversant with needs that may arise in time.

That's why the equipment we create is advanced, reliable, and just as important, flexible. We've been making phones since 1899, and we're committed to serving the needs of business now and in the future.

Innovative products like our Key Systems—the Electra™ 8/24 and Electra™



Mark II—enable us to customize a system for any business. They offer an incredible number of features to provide you with ease and efficiency now, while maintaining the greatest feature of all—the ability to revise your system as your business changes.

Without our reputation for dependability, this might all be idle chatter. But coming from a world leader in computers and communications, it's a word you can count on.

NEC Key Systems—"Linking People with Information through Technology." Our performance will amaze you, without ever leaving you speechless. For more information, speak to us at 1-800-626-4952.

# NEC



## COVER STORY

# A New Era In Road Policy

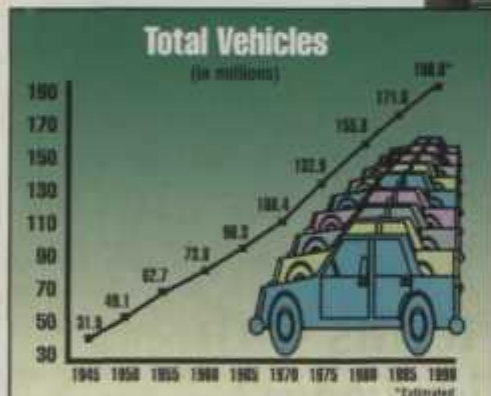
By James T. Drummond

**N**eil Walker knows firsthand how traffic jams eat into profits. It is 9 a.m. on a Monday, and Walker, who works for a plumbing contractor named Water Heaters Only, is inching along the San Diego Freeway en route to the day's first job, a water-heater installation.

"There is a time when you can't

service truck prevented from an on-time delivery, every trucker who must detour around a restricted bridge, every employee who clocks in late because of an unexpected backup represents lost productivity.

The stress and frustration of spending nonproductive hours stuck in traffic takes an added toll.



Source: Motor Vehicle Manufacturers Association

go north and a time when you can't go south," he says. "Short of getting a helicopter, you're stuck."

Walker, a plumber who is paid by the job, will make three or four service calls today. On a Saturday, with no rush-hour traffic, he would make five or more. "Without traffic, my income could double," he says.

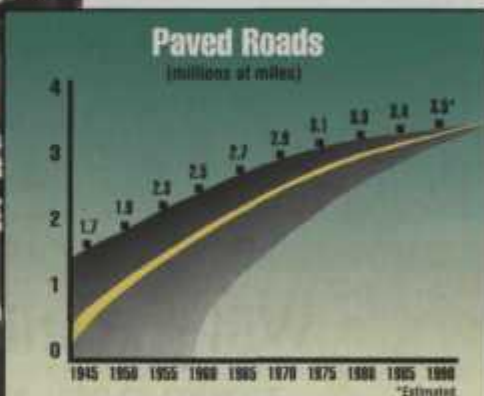
Multiply Walker's and his employer's lost income by millions in an economy increasingly oriented toward service, and it is clear that traffic congestion is indeed costly to the country.

In a recent nationwide survey, 80 percent of those polled said they considered traffic congestion a major problem in their cities.

Every plumber trapped on a clogged freeway, every express-



PHOTO: ©JAMES A. SUGAR—BLACK STAR



Source: Motor Vehicle Manufacturers Association

An extreme example of this is the 6,000-plus incidents of freeway violence—including much-publicized shootings—recorded by the California Highway Patrol since 1987.

Americans lose more than 2 billion hours a year to traffic delays, according to the Federal Highway Administration. It says that figure could increase to almost 7 billion hours by 2005. One estimate pegs the current yearly cost of those delays at \$34 billion. Truck delays alone add \$7.6 billion a year to the cost of goods that Americans buy, according to the American Association of State Highway and Transportation Officials. In a statement, the association said: "Traffic congestion has become a major problem for workers and businesses, slowing down delivery of goods and services and the movement of people, impeding the very mobility needed for economic expansion."

James T. Drummond is a San Diego Union business editor.



*Federal policy-makers are pressing to expand the nation's highway network while states and localities seek ways to use present roads more efficiently.*



And many of America's highways and bridges are as decrepit as they are clogged. More than 40 percent of the bridges are either structurally deficient or functionally obsolete, the Federal Highway Administration says, and an estimated 120,000 miles of the 1.2 million miles of major highways need immediate surface repair or replacement.

The Road Information Program (TRIP), an organization of industries and groups dealing with highway transportation issues, makes these points:

- It would cost \$21 billion a year over 10 years to catch up with the current backlog of road- and bridge-improvement needs (the figure does not include future deterioration), but spending is running at less than half that level.

- The value of the nation's net capital highway assets was less in 1990 than it was in 1970, when traffic volumes were lower by about a trillion vehicle miles.

The road organization pointed out that the system of federally aided highways makes up only 22 percent of the nation's road miles, but it carries more than 80 percent of traffic annually.

Of 2.1 trillion vehicle miles registered in 1989, 1.7 trillion were on the federal-aid system.

This system consists of the 44,849 miles of the interstate system, 259,205 miles of primary highways, 399,756 miles of secondary highways, and 147,904 miles of urban roads.

The inability of that network to meet today's demands is not a matter of debate. There is agreement at all levels of government that both short-term and long-term steps are needed to preserve



PHOTOS: CAPWIDE WORLD (ABOVE); DOROTHY JOHNSON—SAMUEL LARSON (BELOW)

**President Eisenhower (above) signs the 1956 legislation establishing the interstate highway system. Thirty-five years later, President Bush and Transportation Secretary Samuel Skinner (below) announced a plan to enter a new phase of U.S. highway policy now that the interstate network is virtually complete.**

a transportation sector vital to economic health.

"There's no question America's economic future hinges on the state of our transportation infrastructure," says Secretary of Transportation Samuel K.

Skinner. "The same holds true for America's competitive standing in the global economy. If we don't make the investment in our infrastructure, there's no question that our product costs are going to be greater and that we will be less competitive."

That view is supported in Congress. Says Rep. Norman Y. Mineta, D-Calif., chairman of the House Subcommittee on Surface Transportation:

"Underfunding highway and mass-transit programs may have made sense to some in the past for the sake of short-term fiscal relief. But underfunding in the future could mean economic suicide in a new world that values the ability to compete economically above all else."

The broad consensus that action is needed is reflected in two principal areas. One is the current effort of Congress and the Bush administration to set a new course for federal transportation policy—a course that could assist business productivity and economic competitiveness well into the 21st century.

At issue in this legislation is nothing less than the new era in road policy that will follow the imminent completion of the historic interstate highway system throughout the nation.

The other phase of action to deal with highway needs consists of the many initiatives in individual communities to increase the efficiency of the highway network and, where feasible, to ease demands for more and bigger roads by shifting some of the travel to mass-transit systems.

Here are reports on current developments and the outlook in the two major areas of highway policy—the Washing-



## COVER STORY



ton-based policy deliberations and the locality-based innovations.

### Highway Policies

Far-reaching proposals to launch the next phase of U.S. highway policy in the wake of the imminent completion of the interstate program are now before Congress.

President Eisenhower termed the interstate system "the greatest public-works program in history" when he signed the authorizing legislation in 1956 for the road network known officially as the National System of Interstate and Defense Highways.

Individual states were given responsibility for construction of the 41,000 miles of roads, with the federal government paying 90 percent of the cost and setting standards—controlled access, limits on grades, traffic interchanges, 12-foot lanes, and 36-foot medians. Toll roads were not eligible for federal financing but could be included in the system while continuing to operate as toll roads.

Congress has raised total mileage on the interstate system to 44,849 to meet needs that have arisen since construction was started 35 years ago. The road network was intended to let traffic avoid the congestion that had developed as the post-World War II economic boom strained existing highway capabilities.

The interstates were intended to be throughways, but some have become major commuter highways in and around American cities, as long-distance truckers run bumper-to-bumper with rush-hour motorists traveling to and from work.

TRIP reports that more than 11 percent of the overall modern, limited-access system designed to bypass urban congestion is classified as congested, and 44 percent of such roads in urban sectors alone are congested.

David Lukens, executive director of market services with Associated General Contractors, in Washington, D.C., puts it this way: "The use of our highways has exceeded our wildest dreams."

Growth of suburban business centers has also sharply changed driving patterns, and in most cases road construction has lagged seriously. Historically, commercial activity was concentrated in center cities. Ten years ago, about 60 percent of U.S. office space was downtown and 40 percent was in the suburbs. Today the percentages are reversed, says the Institute of Transportation Engineers, in Washington.

Rapid suburban growth has placed

new strains on secondary roads, many of which were built to connect farms to city markets, not carry heavy loads of commuter and commercial traffic.

In addition, anti-growth sentiment and environmental concerns in the 1970s made it difficult for new highways to be built in many areas. All the while, commercial growth continued its migration from inner cities to the suburbs, a trend that created a massive need for highways.



PHOTOS: HIGHWAY USERS FEDERATION (ABOVE); JOHN BARR—GAMMA LIAISON (BELOW)

*The nation's modern highway system began with a single project in rural Missouri. Giant cloverleafs have become a familiar sight on the network, which now extends nearly 45,000 miles nationwide.*

Tysons Corner, in the Virginia suburbs of Washington, D.C., is an example of such development. What was little more than a rural crossroads 30 years ago has grown into a shopping and office area with more commercial space than downtown Miami. Road building lagged behind that expansion, and the commercial construction that spawned the road needs has also escalated the costs of rights of way, and financing highway expansion remains a problem.

That sequence has been repeated throughout the nation, spotlighting the extent to which economic growth continues to outrun highway capability.

The complex U.S. economy runs ahead of road development in other major ways, such as the evolution of the "just-in-time" approach to manufacturing.

Traditionally, manufacturers maintained large inventories of parts, drawing from them as assembly-line needs dictated and periodically replenishing them in quantity.

Under the just-in-time approach imported from Japan, supplies reach the assembly line as they are needed. While just-in-time eliminates the need for maintaining costly inventories, it requires accurate planning and close coordination with suppliers.

Lester Lamm, president of the Highway Users Federation, in Washington, says: "The shift to just-in-time manufacturing has made industry more dependent on trucking over the last decade. When trucks get tied up in traffic, that means just-in-time is in jeopardy."

And it isn't just manufacturing companies that pay the price of traffic congestion, Lamm points out. Businesses in the burgeoning service sector depend substantially on trucks, he notes, and "congestion is cutting into their productivity in a big way."

It is such pressures that are moving the federal government toward a U.S. highway policy that recognizes the changes in the nation since the interstate program was launched.

The first step toward a new policy began with announcement of the Bush administration's transportation policy earlier this year.

Its basic recommendation is for a "National Highway System" of 150,000 miles, including the present interstate network and other routes related to national needs. They would qualify for federal aid for up to 90 percent of their costs; the federal support level would drop to a minimum of 60 percent for a second tier of 700,000 miles.

While noting that "the great age of laying the foundations of America's transportation system is basically over," Transportation Secretary Skinner points out that there is a continuing challenge to expand, modernize, and maintain the road network.

The administration, the Senate, and the House generally support fundamental positions for the next-generation highway policy—creation of the Nation-





al Highway System and more freedom for states to allocate federal funds between roads and mass-transit systems to provide some relief from fast-growing use of roads.

Roadblocks remain, however, to the compromises necessary to achieve a bill supported by the Senate, the House, and the administration.

The Senate has passed a highway bill that differs in major respects from the president's, and the House is considering one that differs from those of both the administration and the Senate.

Among the key points of disagreement:

**Spending:** The administration recommended \$105 billion; the Senate-passed bill calls for \$123 billion; the House-passed bill calls for \$153 billion.

**Miles:** The administration envisions a federal-aid system of 150,000 miles; the Senate sets that figure at 184,000; the House wants 155,000.

**Financing:** The House bill would raise the federal gasoline tax by 5 cents a gallon, to a total of 19 cents, while the administration and the Senate would rely on existing revenues to finance the expanded highway program. The fuel tax was 4 cents a gallon as recently as 1983, and it went to 14 cents only last year.

Given those numbers, congressional critics of the president's plan argue that it does not provide sufficient funds to the states either for roads or for mass transit. The administration counters that its plan would leverage federal dollars more efficiently by drawing more state funds to highways. The White House says there are not enough federal dollars to pay for the more ambitious proposals of the House and the Senate, and any attempt to do so through a tax increase will be vetoed.

While those and other differences need to be resolved, there is nevertheless confidence among the various parties that a bill establishing a new highway policy will be enacted. Says Rep. Bud Shuster of Pennsylvania, a senior Republican on the House Public Works and Transportation Committee:

"We're together on the proposal for a new National Highway System. We think that we must recognize that America's growing, and with that growth we not only have to maintain the interstate system, but we have to recognize those highways of national significance which are not on the interstate system."

Shuster, whose remarks were made

on "It's Your Business," the weekly television program produced by the U.S. Chamber of Commerce, added: "The administration wants a National Highway System. We on a bipartisan basis in the House want it, and I predict that we will have one."

Congress and the White House had hoped to have a highway bill enacted by Sept. 30, when present laws on federal aid for highways expire. But that timetable has been thrown off by a dispute



PHOTO: ©JOE KUPPER—BLACK STAR

**Technology under development will feed up-to-the-minute information on highway conditions into computers in vehicles. These workers are installing cable conduits for the TravTek System going into test use in Orlando, Fla. General Motors is equipping cars for the experiment in intelligent vehicle/highway systems.**

over the House bill's proposal for a gas-tax increase.

Says Rep. Shuster: "A modest increase in the gas tax is absolutely essential if we are going to provide the American people with a sound, efficient, productive, safe transportation system as we move into the 21st century."

Others say that goal can be achieved without higher taxes—a view that is tied to the Highway Trust Fund, the principal financing mechanism for the federal-aid highway system.

The fund was designed to assure that earmarked federal taxes on motor-vehicle fuel, tires, and other highway-related sources would be used for their designated purposes. That arrangement has broken down, however.

As federal deficits grew over the past decade, Washington officials sought devices to minimize them. One ploy has been the use of surplus money in the highway and other trust funds to hold down the expenditure side of the federal ledger.

Congress has consistently refused to appropriate the full amount of trust-fund receipts, and the surpluses have been spent on nonhighway programs. The trust fund is left with government IOUs that now total \$19.3 billion and are growing at the rate of \$2 billion a year.

When fuel taxes are siphoned off for general use, they quickly lose credibility with voters, says Carl Williams, assistant director of the California Department of Transportation. "People are taxed enough. They want to know what they are getting."

The diversion of highway taxes is a major factor in the opposition to the proposed new increase in gasoline levies to finance the next stage of highway policy.

In response to Rep. Shuster's view, tax opponents such as Richard L. Leshner, president of the U.S. Chamber of Commerce, argue that tax hikes are not necessary. "Americans already pay about \$37 billion a year in gasoline taxes," Leshner says. "Much of that is siphoned off for other purposes like deficit reduction. If we spend all of our transportation taxes for transportation, no new taxes are necessary."

The Chamber and other key opponents of the higher tax on fuel gained an important strategic victory when the House leadership abandoned plans for final action on the bill prior to the congressional recess in August. Rather than risk a loss on the issue, the leaders deferred action until the lawmakers return after Labor Day.

Once the tax issue is resolved, however, Congress is expected to move ahead on the highway measure.

Local Initiatives

While the high-level policy debate progresses toward resolution, many local-



## COVER STORY



ities are moving against highway congestion with resources and initiatives of their own.

The steps range from increasing the occupancy levels of cars to applying futuristic technology in moving traffic.

High-occupancy-vehicle (HOV) lanes are becoming common as a strategy for alleviating rush-hour jams. Only vehicles carrying more than one person can use the lanes—HOV signs set a minimum of two, three, or four occupants—so these lanes promote ride-sharing and the use of buses.

Houston, for example, had no HOV lanes in the mid-1980s and now has 95 miles of them completed or under construction. In Northern Virginia, HOV lanes installed in the center of Shirley Highway, the main north-south route into and out of Washington, carry three times the people that comparable nonrestricted lanes carry.

In another move to discourage single-occupancy automobile commuting, many cities have set up park-and-ride facilities and promoted formation of van pools.

An emerging technology termed "intelligent vehicle/highway systems" (IVHS) also holds promise.

One example of this is a computer system called Pathfinder. It is being tested on Los Angeles' Santa Monica Freeway in a joint venture of General Motors and the California Department of Transportation. Freeway conditions are tracked with roadside electronic sensors, TV cameras, and highway-patrol reports. Once a minute, road conditions are transmitted to drivers in vehicles equipped with computer monitors in the dashboard. Each car's computer, through a voice simulator, also talks to the driver. The purpose is to warn drivers of upcoming congestion and suggest alternate routes, using maps displayed on the computer screen.

Another system, called TravTek, is being developed on an experimental basis in Orlando, Fla., with tests to begin in January. Partners sharing the \$8 million cost are General Motors, the American Automobile Association, the Federal Highway Administration, the city of Orlando, and the Florida Department of Transportation.

In the experiment, 100 Oldsmobiles equipped with computers and software will give drivers instant access to video maps, driving directions, current traffic conditions, and information on hotels and restaurants, local businesses, and special events.

GM will provide the cars, manage the project, and oversee systems engineering. AAA will recruit drivers and provide a computerized database of maps and local information. The highway agency will plan and develop a Traffic Management Center, which the city will set up and staff. The state agency will provide computerized video traffic surveillance on Interstate Highway 4 in the project area.

Potential benefits from TravTek, the



PHOTOS: CARPENTER SHAW (ABOVE); DAVID SUTOW—BLACK STAR (BELOW)

*Mass-transit systems like this latest one in Los Angeles are covered by federal highway legislation because of their potential for easing the demands on crowded highways. The Chicago scene in the smaller photo shows how some public-transportation systems have been constructed on the rights of way of existing roads.*

sponsors say, include reduced traffic congestion, enhanced travel experiences, less fuel consumption, improved air quality, and cost savings from the reduced time that drivers and vehicles spend in traffic.

Such real-time traffic information would be an important tool for delivery-

truck drivers, helping them to identify the most efficient routes for traffic conditions at the time.

Early forms of IVHS technology are already used by trucking firms, which track their vehicles' locations by satellite and set up the most efficient routing.

Area-wide, electronic traffic-monitoring systems under design will allow engineers to adjust traffic signals on the basis of up-to-the-minute data on congestion and to warn drivers through the use of electronic roadside signs. Information would be gathered by TV cameras and by computerized tracking of individual vehicles.

According to the Bush administration's "National Transportation Policy," a statement that was a precursor to the pending bill, these new technologies will blossom into "full-scale automated highways" within 30 years. The administration set aside \$60 million in fiscal 1992 for developing the intelligent highway, more than double the 1991 allocation.

The American Society of Mechanical Engineers (ASME), headquartered in New York, says that "technology issues must be addressed in order to establish a safe, environmentally sound, energy-conserving, and cost-effective surface transportation network for the nation."

Noting that highways are now designed for "independently operated vehicles that do not communicate," the association has told Congress:

"Significant improvements in the operation of the road system should be achievable by coordination and communication between the roads and vehicles, making use of modern technological developments

in the emerging field known as intelligent vehicle/highway systems."

Testifying for ASME, Steven Shladover said, "We cannot overemphasize the importance of system-level thinking as policy-makers develop a national transportation policy." Shladover is technical director of the Program on Advanced Technology for the Highway, a component of the Institute of Transportation Studies at the University of California at Berkeley.

Despite the contributions that technology can make, however, road construction remains the cornerstone of reducing congestion, and financing is the key to construction.

To pay for highways, more than one-third of the states have raised user fees over the past several years, the Depart-



# CHECK YOUR PRECONCEIVED NOTIONS AT THE DOORS. *The All-New Bonneville.*

If you've always believed the only way to get an agile, aero-styled, high-performance sedan was to buy small, you're in for a big surprise. It's time to forget the past, and introduce yourself to the all-new 1992 Pontiac Bonneville.<sup>®</sup>

By its engineering specifications alone, the new Bonneville shatters that myth convincingly. Under its beautifully redesigned shape lurks a potent 170 horsepower **3.8L 3800 V6** with tuned port sequential fuel injection locked onto an advanced electronic 4-speed automatic. Available **anti-lock brakes** and a precision-engineered, road-gripping sport suspension for outstanding control, stopping or steering. Available advanced **traction control** for superb power application on slippery surfaces. There's even a

**driver's-side airbag** for additional safety assurance.

That's the technical side. But to really get the feel of the new Bonneville, you've got to get behind the wheel. Notice how the solid-feeling controls react smoothly to the touch. How the full complement of analog gauges are well-defined for quick, decisive reads. How the whole cockpit is driver-oriented, and designed for performance.

And by the way, the new Bonneville is a full-fledged, **full-sized** four-door that can easily carry six adults. Just thought we'd remind you.

The all-new 1992 Bonneville. Climb in and throttle one up. Just be prepared for an attitude adjustment to take place. Very, very quickly.



**PONTIAC. We Build Excitement.** 



Call toll-free 1-800-762-4900 for more product information.

Buckle Up, America! ©1991 GM Corp. All rights reserved. See your dealer for terms of this limited warranty.





## COVER STORY



ment of Transportation says. Secretary Skinner says that some states have political leadership willing to present to voters the problem of raising "the money to invest in infrastructure," and other states have leaders who "are not willing to do that."

California voters in 1989 approved a doubling of the state's motor-fuels tax to 18 cents a gallon, which will generate \$18.5 billion for highway improvements over five years.

The increase is cited as evidence that taxpayers will approve earmarked spending for specific highway projects, particularly in a state with as much traffic congestion as California has, while they would resist higher taxes for what they consider unnecessary spending.

Earmarked taxes are often equated with user fees, and that approach is being extended to greater use of toll roads, including consideration of such new approaches as higher tolls during rush hours.

"Congestion pricing" is one term for higher rush-hour tolls. A team of researchers from the Brookings Institution, in Washington, concluded that special assessments on motorists who drive during rush hours could cut congestion 10 to 25 percent in some areas.

"We have underpriced our roads since I can remember," says Williams of the California Transportation Department. "We have never charged people what these roads really cost. Now we have to look to every kind of 'designer financing' we can get."

One reason that toll roads are attractive is that they can be paid for without raising fuel or other taxes generally, and, in the case of major roads, substantial revenues come from nonresidents of states in which the toll roads are located.

"Tolls have made possible road building and improvements that may not have otherwise taken place, and with little or no federal dollars," says the International Bridge, Tunnel & Turnpike Association (IBTTA), in Washington.

Transportation Secretary Skinner recently praised the Harris County Toll Road Authority in Houston for building the 28-mile Sam Houston Parkway "ahead of schedule, way under budget, and without dependence on Washington." The authority financed the road with revenue and general obligation bonds.

The administration's highway bill includes basic changes in a long-standing federal government bias against toll

roads. In general, federal money has not been available for toll roads, although a test program started in 1987 allows nine states to blend federal money with their own—and with private funds—in toll-road projects. The administration bill would make that a permanent policy for all states, with the federal share limited to 35 percent of costs. States could charge tolls on future highways built with federal aid, provided the revenue is used to increase the number of lanes or



PHOTO: GENE HIGGINS

**A solitary driver seeks passengers.** Object: admission to express lanes for high-occupancy vehicles. Many communities have formalized meeting arrangements for HOV togetherness.

improve access roads. When bonds that helped finance and maintain the roads are paid off, the toll income could be used for other road improvements.

The U.S. toll network now consists of more than 4,600 miles of toll roads, bridges, and tunnels. An additional 1,300 miles—or \$15 billion worth—are in planning stages, the IBTTA says.

New technologies are coming into play. "Smart tolls," for example, cut toll-booth delays: Electronic scanners read

bar-code stickers, and the vehicle owners are periodically billed by mail.

In California and Virginia, the use of toll roads is being married to a push for private-sector involvement. Private companies have approval to build three toll roads in Orange County, Calif., in a partnership with state and local governments. The companies will finance, design, and build the roads, transfer ownership to the state, then lease and operate the roads for up to 35 years, earning a profit from toll revenues.

In one of the three California projects, a partnership led by Ross Perot's Perot Group of Dallas includes Kiewit Pacific Co., the First Boston Corp., and several other companies. The group recently was chosen to build a \$750 million toll road—the Santa Ana Viaduct expressway—between Interstates 5 and 405 in Orange County. The road would be designed to carry 80,000 vehicles a day.

Toll roads can be built faster and maintained better under private enterprise, it is argued.

Private consortia that bid on the California projects included companies from France, Spain, Germany, and Portugal. Western Europe has been witnessing private operation of toll roads since the 1970s, notes California transportation official Williams.

Clearly, the momentum is strong for highway investment. President Bush mentioned the need in his State of the Union address this year. Many types of plans have been presented on Capitol Hill.

"We are excited that the president and secretary of transportation have set transportation as the No. 1 priority this year," says the Associated General Contractors' Lukens. "This is a

manageable problem, but the sooner you acknowledge the problem is there, the sooner you can get a handle on it."

The expectation in Washington is that policy-makers will get a handle on it because of the enormous stakes involved.

Those stakes are defined by the broadly based TRIP:

"Unless America can increase her investments in maintaining and improving roads and bridges, the country will suffer. The costs of doing business will increase, traffic safety will be in danger, traffic congestion will worsen, and America's national and local economies will deteriorate."



To order reprints of this article, see Page 75.



# Workaholism Has Its Price. And It's Never Been Lower.



You'd probably be willing to pay a lot for an office machine that just works all the time. But you don't have to.

Right now, when you buy any Konica copier or fax, you'll pay nothing in interest.

That's a small price to pay for a workaholic as reliable as a Konica.

For more information on the Konica

Interest-Free Program, call

1-800-2-KONICA

(1-800-256-6422).



**Konica**  
COPIERS • FAX



## MANAGING

# Making Molehills Out Of Mountains

By Barbara Hemphill

**Y**ou know how it happens: You come back from a meeting with your briefcase stuffed with paper—travel receipts, phone messages, conference notes, business cards, promotional information, and other printed material.

You may have every intention of using this material, but you are greeted by a stack of paper that accumulated while you were away—and it looks more threatening than the pile in your briefcase.

So you stack the briefcase papers on a shelf in your office, planning to deal with them later. After several weeks, you get tired of looking at the stack, and you put the papers in a file labeled something like "Association Meeting—Chicago—1991."

One reason paper accumulates in your life is that you don't decide what to do with it. Clutter is postponed decision making.

Here are tips that can help you make decisions about the information you gather while you're traveling:

1. There are only three things you can do with any piece of paper: act on it, file it, or toss it.

2. Practice the "art of wastebasketry." It has been estimated that up to 80 percent of what goes in most files is never used. Ask yourself, "What's the worst thing that would happen if I didn't have this piece of paper?" If you can live with the possible results, toss that piece of paper.

3. For each piece of paper you decide to keep, ask yourself, "What is the next action I need to take on this piece of paper?" And ask yourself if the action must be taken no later than a certain date. If so, mark your calendar.

4. Organize papers in your briefcase with file folders labeled with specific actions, such as "Call," "File," "Write," or "Read."

5. For each piece of paper that you want to file for future reference, ask yourself, "If I want this information again, what word will I think of?" Write that key word in the upper right corner of the

paper, and put the paper in your "File" folder.

6. Keep tax-deductible receipts together in an envelope. It's easier to record the purpose of an expense when you file the receipts for it than to try to reconstruct it for a tax audit.

7. For each business card you collect, write the date and circumstance under which you acquired it. These notes should help you remember whom you met. When you get back to your office, put the business cards you decide to keep into either of two holders—one for the cards of people you are reasonably sure you will want to contact, and the other for the cards you are not comfortable tossing but aren't sure you'll use.

When filing each card from the first group, ask yourself what word you'll think of when you want to call this person—last name, organization, service, city, or person who introduced you. If you use a computer to keep track of all contacts, put the cards in an envelope or file marked "Computer Entry."

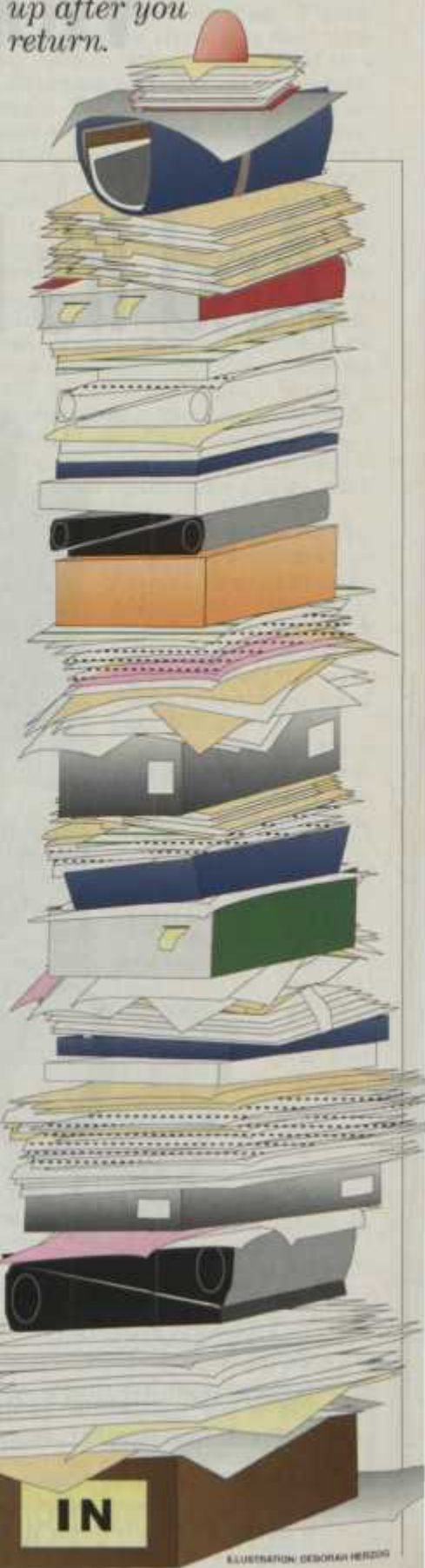
8. Carry stationery with you to send "nice-to-see-you greetings" or thank-you notes while you're on the road. This timesaver works with correspondence for which you won't need copies. If you want to remember that you sent it, be sure to make a note in your calendar and transfer it to the appropriate file when you return to the office.

9. Keep a "To Do" list of specific ideas you plan to implement after the trip, prioritize the ideas when you're back in the office, and mark your calendar with reminders of actions you want to take.

10. When you are tempted to postpone a decision about a specific piece of paper, ask yourself, "What am I going to know tomorrow that I don't know today?"

If you follow these steps when you travel, you will return to your office having to face only one pile of paper—the one that accumulated there while you were gone. But even more important, those papers you collected on your trip will be a real resource, and not just another pile of postponed decisions.

*Don't let all those materials you pick up while you're traveling pile up after you return.*



Barbara Hemphill, president of Hemphill & Associates, in Washington, D.C., is a professional speaker, consultant, and author of *Taming the Paper Tiger*.

ILLUSTRATION: DEBORAH HERZOG



**“I was disappointed the other day. A little corner grocery where I used to stop for things now and then—a quart of milk, a loaf of bread—apparently changed hands.**



Joanne Rounds  
Senior Vice President, Subscriber Services

**The place looked pretty much the same as it always did, but the people were different. They weren't as attentive. They didn't seem to care as much. I felt like I was involved in nothing more than a business transaction.**

**But I'm the kind of person who tries to see the bright side of any situation, so I gave some thought to how I was treated and what I could learn about good service from that afternoon.**

**My job is to help people figure things out. To help them make heads and tails of their health insurance. Their benefits, doctors, hospitals, the status of their claims. Those things can be confusing, especially when there's the anxiety of illness in the family.**

**What I believe now, even more than before, is that customer service has to go way beyond pure information. That's just facts and figures.**

**What we have to do is keep our level of care and concern a mile high. Never let it fall. Treat every individual, every call, every question like it's coming from the most important customer we have.**

**Because we all have a choice of where we go to buy anything and everything. Including health insurance.”**

*Joanne Rounds*



Blue Cross  
Blue Shield  
of Illinois





## IF YOU WORKED AS HARD AS WE WORKED IMPROVING OUR PHONE, YOU'D LOSE WEIGHT TOO.

No sooner did we introduce the world's first personal cellular phone two years ago than we began work to try and improve it.

Thousands of developmental and research hours later the product of our labor was born. And, needless to say, we're proud as parents of the new Micro T•A•C LITE Digital Personal Communicator.™

It has all the power and durability of the original, yet at 7.7 ounces, weighs about 30% less—a new world standard for lightness.

Best of all, the new Micro T•A•C LITE is world class quality that's made in America.

For a free demonstration of the world's lightest and most advanced cellular phone, call a Motorola V.I.P. representative today.

What'll our engineers think of next?



**MOTOROLA**

(708) 576-2600

### MOTOROLA'S 7.7 OZ. MICRO T•A•C LITE

*The lightest cellular phone in the world.*



# Introducing The Incredible Shrinking PALMTOP PC!

## Computing in the Palm of Your Hand!

The revolutionary HP 95LX Palmtop offers seamless transfer to PC capability. All its computing power is in a compact 3.4" x 6.3" x 1.0" size!



**ELEK-TEK  
Special  
Price:**

**\$509<sup>00</sup>**

Order No. 576994  
Mfr. Sugg. Ret. \$699.95

### Features

- Built-in Lotus 1-2-3 Release 2.2
- Enhanced Lotus Metro personal information manager (for appointments, notes, phone lists)
- Advanced calculator with algebraic or RPN option
- Optional PC connectivity package
- Built-in spreadsheet templates
- Customizable with Lotus 1-2-3 templates, macros, plug-in ROM, "C" programs
- MS-DOS (3.2) in ROM operating system
- 512KB RAM, 1 Megabyte ROM
- Easy-to-read 16 lines x 40 column display



**HEWLETT  
PACKARD**

### Optional Packages

Connectivity Pack

Order No. 577017

Mfr. Sugg. Ret. \$99.95 **ELEK-TEK Price \$75.00**

128K RAM Card

Order No. 577025

Mfr. Sugg. Ret. \$199.95 **ELEK-TEK Price \$149.00**

512K RAM Card

Order No. 577033

Mfr. Sugg. Ret. \$399.95 **ELEK-TEK Price \$299.00**

#### LINCOLNWOOD

3027 N. Lincoln Ave.  
(Merchandise Pick-Up Ex. 500)

#### WILLOWBROOK

Angels Highway (Rt. 55) at 53rd Street  
Wooden Lake Commons Shopping Center  
(Merchandise Pick-Up Ex. 500)

#### ROLLING MEADOWS

Rolling Meadows Mall, 1401 East Golf Road  
at intersection of Golf & Highway 58  
(Merchandise Pick-Up Ex. 500)

#### STORE HOURS

Monday - Friday 9-5 (L.R. Wed. 9-6 PM)  
Saturday 10-5 - Sunday 12-5

**ELEK-TEK, Inc.**

The Superstore featuring Super Service and Support

708-677-7660

Purchase orders accepted from Universities, School Systems, Government and large corporate and industrial users, subject to our credit approval. All products subject to availability and all prices subject to change. Complete line of IBM Personal computers and related products now available at all ELEK-TEK locations.

**RETURN POLICY:** All sales are final except defective which will be replaced with identical merchandise only within 30 days for components and large peripherals, and 90 days for most other products, after which manufacturer's warranty applies. ELEK-TEK is not responsible for typographical or printing errors.

Classes available at our TRAINING CENTER  
Call 708-682-6006 for information

LARGE QUANTITY  
BID AND CONTRACT PRICING  
AVAILABLE

#### FAX

Corporate Order Accounts 708-677-7100

Sales Department 708-677-7001

#### TRAINING SERVICES

708-682-6006

For 2024 TEST offers and competitive prices  
call 708-677-7100 or visit our website [www.elektek.com](http://www.elektek.com)

Revised: 708-677-7100 (open Monday - Sunday 9-5)

AD08110



"The Greatest FALL Since  
the Apple Struck Sir Isaac!"



A B C Season Premiere October 1991 on PBS. Check local listings for airdates.  
"Newton's Apple" is a production of KTCA TV Saint Paul/Minneapolis.  
Made possible by a grant from 3M.

**3M**

Innovation working for you™



# Portable PCs: Power Up

By Jon Pepper

**M**ark Eppley, chief executive officer and president of Traveling Software, likes to keep in touch. Consequently, Eppley seldom leaves home or work without his notebook computer, which enables him to track projects in progress, send and receive mail, and generally keep tabs on his growing business—from anywhere in the world.

Admittedly, Eppley, whose company produces about \$15 million worth of software a year, including the popular LapLink III file-transfer program, might be ahead of his executive peers in embracing high technology. But not by much.

Dataquest, a firm specializing in high-technology market research, forecasts that the number of notebook PCs (those weighing in at about 7 pounds) in use will grow from about 2.5 million in 1990 to 12.5 million or more by the end of this year. Other industry observers forecast even greater growth. In fact, Eppley believes that the portable market will approach half of all PC sales relatively soon, a level already manifest in Japan.

Clearly, we have entered an era in which the work environment can no longer be defined by the four walls of an office. As portable PCs grow in power and shrink in price, more and more companies are looking at them not just for their field sales personnel but also as the main computer for headquarters-based employees.

The following products represent just some of the hardware that can maintain or even increase your desktop computing power as well as help you or your employees carry out tasks while on the go.

## Notebook PCs

The heart of any portable office system for most users is the notebook computer itself. Major advances in processing power, data storage, and screen quality, coupled with deep price cuts fueled by intense market competition, are making notebook PCs a business tool of choice.

Though there are some very good bargains (often less than \$1,000) in notebooks using a version of the Intel 80286 or other older, slower microprocessors, machines built around the Intel or another 386SX chip offer better performance at an affordable price—and also



Epson NB3s: A very compact notebook PC.

offer the best potential for growth.

The 386SX systems (almost all have the chip designation in their model name or on their case for easy identification) can take advantage of more memory and can readily run almost any high-end software package, including those written for Microsoft Corp.'s Windows 3.0 graphical user interface.

When shopping for a notebook, don't overlook leading mail-order brands such as Dell, CompuAdd, and Zeos. These can be less expensive than retail-only brands, yet they typically come with toll-free telephone technical support or on-site service.

There are dozens of retail and mail-order choices in the notebook PC market, including many systems virtually identical except for their cases or manufacturer logos. Still, there are important differences among some, and we have tried to sift through them to identify outstanding values.

*These notebook PCs and other products can help you run your business while you're on the go.*

Unless otherwise noted, all systems below contain a built-in 3 1/2-inch floppy-disk drive in addition to the hard disk mentioned. Virtually every system also contains serial, parallel, and external VGA (very high quality) monitor ports.

**AST Premium Exec 386SX/20 (1-800-876-4278).** AST's Premium Exec line of notebook computers offers performance, value, and flexibility in an attractive, functional package. The 6.5-pound AST Premium Exec 386SX/20 uses a 20 megahertz (MHz) processor, 2 megabytes (Mb) of high-performance random access memory (RAM),

and a choice of 20Mb, 40Mb, or 60Mb hard drives.

This notebook features AST's modular architecture, which allows the central processing unit (CPU) to be upgraded. For instance, you can buy a 286-based notebook and upgrade it to the 386SX/20 CPU without losing your investment in the rest of the machine. Plus, the two internal single in-line memory module (SIMM) sockets, which can accommodate 1 or 4Mb SIMMS, can be upgraded by end users to a total 8Mb of RAM.

AST incorporates the latest flat-panel display technology, using CCFT (cold cathode fluorescent tube) back lighting, which offers as much as three times the life of EL (electro-luminescent) technology. The paper-white VGA screen is very bright, and it supports 32 shades of gray for graphics.

The 82-key keyboard has a solid typing feel and standard key spacing, along

## Computer Terms Defined

**Central Processing Unit (CPU).** Often referred to as a microprocessor, the CPU is the computer's brain. It is made up of a set of tiny silicon chips.

**Megahertz (MHz).** A unit of processing speed. The original IBM PC ran at a poky 4.77 MHz. New complex programs dictate at least an 80386SX-based machine, which runs along at 16 or 20MHz.

**Megabyte (Mb).** A unit of storage capacity. Each byte is a computer "word"; 1,000 bytes is a kilobyte (K), and 1,000,000 bytes is a megabyte. This magazine article is about 25K long.

**Random Access Memory (RAM).** The temporary memory containing bytes of information loaded or entered by the user. When the power is turned off, all information in RAM is lost unless it was saved to a floppy or hard disk.



# Tools for Your Growing Business

Now you can get a complete set of small business tools in a specially priced Small Business Resource Kit from the U.S. Chamber of Commerce! The kit features Microsoft® Works (for either DOS\* or Macintosh® systems) together with products and information for the small business professional.

The Works tools include a word processor, spreadsheet, and database. And all the tools work together, so it's easy to move between them and share information.

You'll also receive the publications *Growing Your Business Using Microsoft Works* with business files,



the U.S. Chamber publication *Concerns of Small Business*, a sample issue of the newsletter *U.S. Chamber Watch on Small Business*, and two hours of access to the Microsoft Small Business Center on America Online®.

The complete kit is available from the U.S. Chamber of Com-

merce for only \$139.00 for the DOS version or \$189.00 for the Macintosh version.

Call (202) 463-5535 for more information or to order your Small Business Resource Kit today!



\* As used herein, "DOS" refers to the MS-DOS® and PC-DOS operating systems. Microsoft and MS-DOS are registered trademarks of Microsoft Corporation. Macintosh is a registered trademark of Apple Computer, Inc. America Online is a registered trademark of Quantum Computer Services, Inc.

This single question may be all that's keeping you from the productivity you're striving for. It's a familiar story. You just don't trust it!

You're afraid to do away with your duplicate records for fear the computer will go down and you'll lose your data. The obvious solution is this: make sure your computer *doesn't* go down! With an

**Upsonic Uninterruptible Power System (UPS)**, you can count on your computer to be up and running when you need it. You can close out that backup set of books. You can stop saving hardcopies of every document you create. And your productivity will soar!

Call 1-800-UPSONIC, Ext. 30 for our FREE productivity brochure today!

## UPSONIC®

1392 INDUSTRIAL DRIVE  
TUSTIN, CA 92680  
FAX: 714-258-0811

## SPECIAL REPORT

with dedicated keys for Home, PgUp, PgDn, and End.

Built-in power-management features help to provide as much as three hours of operation from the NiCad battery. Other notable power-management features include a backup battery that saves system data while the main NiCad is being changed, and a fast recharge that brings the system up to full power in under three hours.

Software in the package includes AST memory-management utilities, Laplink III, and Battery Watch (a program that monitors battery usage). AST also includes its own version of MS DOS 5.0, which will free up more RAM for application software. A carrying case, angled typing stand, serial interface cable, and documentation are all included in the base price. Options include a regular 2,400-baud modem and a fax modem.

List price (with a 20Mb hard disk) is \$2,995. On-site service is available as an option.

**AT&T Safari NSX/20 (1-800-247-1212).** This notebook, one of the most appealing PC products ever offered by AT&T, is loaded with interesting features and packed in a distinctive case. For instance, the NSX/20 features a system-status window that remains visible even when the case is closed.

Power comes from a 20MHz 386SX CPU, with standard features that include 2Mb of RAM (expandable to 6Mb), a 40Mb hard drive, and a very readable 10-inch-diagonal LCD display screen with VGA compatibility. The system is packaged with Windows, DOS 4.01, the AT&T Access Plus electronic-mail package, and a Tour Guide system tutorial.

The Safari also is well-equipped for communications. It features a built-in modem and an optional "Wireless Mailbox" that can receive and store up to 14 half-page electronic-mail messages. The Safari also rates high marks for battery life: Its two batteries, which can be swapped without shutting off the system, combine for a total of six hours of operation.

The system weighs 7.3 pounds with both batteries installed, and it lists for \$5,399.

**CompuAdd Companion SX (1-800-627-1967).** This product is essentially identical to the Texas Instruments TravelMate 3000 and the Sharp PC-6641, but at a lower price. All these systems are manufactured by TI, with design responsibilities shared by TI and Sharp.

The CompuAdd Companion SX weighs 5.7 pounds and uses a 20MHz 386SX CPU for top-notch processing power.

Standard features include 2Mb of RAM, a 30Mb hard disk, and a high-quality 10-inch-diagonal VGA LCD display. A modem is optional, and there is



room for an 80387SX math coprocessor.

The Companion's excellent keyboard and compact packaging make it fine for travel. Its NiCad battery pack supplies up to three hours of operation. The system also comes with CompuAdd DOS 4.01 and a carrying case.

The price, direct from CompuAdd, is \$2,995.

**Dell 320N (1-800-426-5150).** Dell's reputation for excellent products, competitive pricing, and laudable support is reinforced by its 320N notebook computer. Weighing only 6.4 pounds, the system has a very legible VGA LCD display, a comfortable keyboard, and an optional internal fax modem, and it comes with a zippered case with a handle. Battery life is rated at up to four hours, with a three-hour recharge time.

Like all Dell products, the 320N is



**Tandy 3810 HD: An attractive system.**

backed with toll-free telephone technical support, a 30-day money-back guarantee, and one year of on-site service.

The 320N starts at \$3,399, including a 40Mb hard drive, 1Mb of RAM, and a 20MHz 386SX CPU, direct from Dell. A 320N with a 60Mb drive sells for \$3,699.

**Epson NB3s (1-800-289-3776).** One of the most compact of notebooks, Epson's NB3s includes a 20Mb hard drive, crisp VGA screen, and up to 5Mb of RAM (1Mb is standard), yet it weighs only 5.7 pounds. What's more, the system's hard-disk drive is removable and can be exchanged easily for security or other reasons.

Included is DOS 4.01 software, Epson screen- and power-saving utilities, and Epson diagnostic tools. An optional docking unit can support an additional 120Mb of removable hard-disk storage, two full-size expansion slots, and an external 101-key keyboard. Power comes from two NiCad batteries that provide up to three hours of operation with a quick, two-hour recharge time.

Retail price is \$3,999, which includes a case and an extra battery. The 40Mb hard-drive model is \$4,399, and the 60Mb hard-drive version is \$4,799.

**IBM L40 SX (1-800-IBM-2468).** IBM has created a winning portable computer notable for its excellent performance and versatility. The L40 SX notebook, which weighs 7.7 pounds with battery, uses a fast 20MHz 386SX microprocessor and comes with 2Mb of RAM that can be expanded to 18Mb (far more than any other notebook). It also has a capacious 60Mb hard drive and sports the industry's best full-function keyboard and plenty of integrated power-management features.

The top-flight, 10-inch-diagonal, black-on-white LCD provides superb conditions for running Windows or other graphics applications on the go.

Power comes from either an external AC power adapter/recharger or a NiCad battery that runs for up to four hours before needing a recharge. Options include an internal fax modem, a math coprocessor, and a second serial port.

IBM offers a comprehensive support package, including a one-year limited warranty on parts and labor, 24-hour telephone support, and optional on-site servicing. List price is \$5,995.

**Panasonic CF-370H6 (201-348-7183).** Here is a notebook engineered to accommodate rigorous travel. Within its durable case is a machine that packs plenty of power.

A 20MHz 386SX CPU and 1Mb of RAM are standard, along with a 60Mb hard-disk drive and a black-on-white VGA screen. Power-management features include a resume function, which preserves the contents of memory when the notebook is turned off, eliminating the need to reboot and reload both data and applications.

The CF-370H6 has a keyboard with an overall feel like that of a standard desktop model, and the included NiCad battery pack offers up to three hours of operation and a two-hour quick recharge time. The system, including the battery pack, weighs 6.9 pounds and lists for \$4,799.

**Tandy 3810 HD (817-390-3700).** When Tandy acquired the portable-computer pioneer GRiD Systems last year, it gained some valuable engineering and design expertise. This is evident in the Tandy 3810 HD, an attractive and powerful system at a competitive price. The 20MHz 80386SX system has 1Mb of RAM (expandable to 5Mb) and a fast-access 60Mb hard drive.

Tandy employs a large display that

## PROFIT FROM THE POWER OF TRADE SHOW MARKETING



Formation II



Montage™



Mirage II

### PORTABLE DISPLAYS

- Solid custom look
- Stunning graphics
- Save on shipping
- Hand carryable
- Easy set-up

**1-800-328-2725**



**Please Rush My FREE Color Display Brochure Today!**

Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Phone \_\_\_\_\_

Mail to: 12345 Portland Avenue South, Burnsville, MN 55337

**SKYLINE**

Displaying Performance.

NB91



## SPECIAL REPORT

supports 32 shades of gray for VGA graphics and user-selectable color mapping. This is complemented by a fine, 84-key keyboard that has 101-key emulation.

With Tandy's Key Switch feature, you can exchange key functions as well as



**Atari Portfolio:** A lightweight palmtop.

control the power-saving functions directly from the keyboard.

The rechargeable NiCad battery is rated for up to 3 1/2 hours of use, and the system weighs 6.7 pounds with the battery.

Tandy provides DOS 4.01, Battery Watch, and its own DeskMate 3.5 personal-information management software. The DeskMate package includes word processing, address book, spreadsheet, filer, calendar and alarm, telecommunications, and several other functions.

A fax modem, a car adapter, replacement batteries, carrying cases, memory upgrades, and a math coprocessor are available options.

List price is \$3,299.

**Toshiba T2000SXE (1-800-457-7777).** Toshiba, which has long been a leader in the notebook market, recently introduced the T2000SXE. For overall quality and price/performance, this is one of the better values in the notebook market. It weighs 6.9 pounds and features a robust 20MHz 386SX CPU, 2Mb of RAM (expandable to 10Mb), and either a 40Mb or 60Mb hard-disk drive.

The T2000SXE comes with Toshiba's highly rated VGA display, which has crisp black-on-white characters and adjustable brightness and contrast controls. The system also can power an external VGA monitor. The keyboard has 86 sculpted keys, including eight dedicated cursor-control keys and separate "plus" and "minus" keys—a feature not found on many laptops.

Power comes from an advanced nickel

hydride battery, which was first used by Toshiba. A single battery pack offers three hours or more of operation and can recharge in just 1 1/2 hours. Battery life is enhanced by AutoResume and a gauge showing remaining battery life.

Toshiba provides DOS 4.01 with the T2000SXE. There also is an optional cellular interface that lets the T2000SXE connect to the data ports that are standard on most cellular phones.

With a 40Mb hard drive, the system retails for \$2,199, or \$4,499 with a 60Mb hard drive.

**Zenith MastersPort 386SL (1-800-553-0331).** Zenith was the first to market a notebook based on the Intel 386SL microprocessor, which runs at a speedy 20 MHz. This CPU, which has a very low power draw and numerous power-management features designed to enhance battery life, was designed for notebook PCs. Zenith's MastersPort can run on batteries for approximately eight hours.

Standard features include 2Mb of RAM (expandable to 8Mb), a 64K memory cache to speed up hard-disk access and reduce battery drain, a fast (19-millisecond access) 60Mb hard drive, and a paper-white LCD screen with VGA resolution. The MastersPort comes with Windows and DOS 4.01 software. The package weighs just 6.8 pounds.

The suggested retail price is \$4,999.

**Zeos International Notebook 386 (1-800-423-5891).** At \$2,295 for a base system, the Notebook 386 from Zeos International is one of the more affordable 386SX portables on the market. And the sleek-looking black case rates high on design and performance features.

The 80386SX microprocessor runs only at 16MHz, but that is still sufficient power to handle most mobile applications. One Mb of RAM is standard, with expansion to 3Mb or 5Mb directly on the motherboard. A fast 20Mb hard drive (23-millisecond access) is included, along with a highly readable LCD display with 32 shades of gray and VGA compatibility.

One of the best features of the Notebook 386 is its keyboard. It is comfortable, has a positive typing feel, and has separate cursor-movement keys. Power-management features for the screen and hard disk are included. The 7-pound system has numerous options,

including larger hard-disk sizes and several peripherals. In addition, like other leading direct-mail vendors, Zeos offers a 30-day money-back guarantee, 24-hour toll-free telephone technical support, and on-site repair service.

## Desktop Replacements

Although notebook systems, such as those described above, are often touted as desktop replacements, their key virtue is in bringing together acceptable power and performance with portability. The following machines are true desktop replacement systems featuring more power than the notebooks and full-color displays.

**NEC ProSpeed 486SX/C (1-800-325-5500).** Pure power, a great keyboard, and brilliant color are all elements of the ProSpeed 486SX/C. In a self-contained, 16-pound portable package, the ProSpeed 486SX/C features a 20MHz 486SX CPU, 2Mb of RAM (expandable to 20Mb), and a fast 120Mb hard drive.

The system's real showpiece, however, is the 10.4-inch-diagonal SuperVGA color screen, which offers stunningly high resolution with a palette of 256 simultaneous colors.

In addition to color that rivals that of external monitors from its Thin Film Transistor (TFT) LCD, the NEC ProSpeed has extensive expansion capabilities.

NEC is shipping the portable with both MS DOS 5.0 and Windows as well as numerous utilities for setup and security.

List price is \$8,999.

**Toshiba T3200SXC (1-800-334-3445).** Toshiba's color laptop, the



**Hewlett-Packard 95LX:** A multitude of functions.



# Some People Are Born Accountants. For The Rest Of Us, There's New ACCPAC Simply Accounting For Windows.

Easy To Learn, Easy To Use And Only \$199.

ACCPAC  
Simply Accounting



Now there's an accounting program anybody can use—new ACCPAC® Simply Accounting™ For Windows.

the quickest and easiest way to take care of your books.

You'll have it up and running in minutes. And with the Windows interface, you can do anything with just a few clicks of the mouse. Write a check. Print out an invoice. Do your payroll. Manage your receivables.



What used to take hours now takes just minutes. So you can spend less time counting your money—and more time making it.

And since it costs only \$199, you can take care of your books without breaking the bank.

Call us today at 1-800-645-3003 for the location of your nearest dealer.

It's the accounting program anybody can use.

And we mean anybody.



For Only \$199 You'll Get: • General Ledger • Accounts Payable • Accounts Receivable • Payroll • Inventory Control • Job Costing • Prints Checks, Statements, Invoices and Mailing Labels • Produces Standard Accounting Reports • Quick Set-Up

©1991 Computer Associates International, Inc., 711 Stewart Avenue, Garden City, NY 11530-4787. All trade names referenced are the trademarks or registered trademarks of their respective companies.



## SPECIAL REPORT

T3200SXC, uses a 20MHz 386SX CPU and, like the NEC ProSpeed, features an LCD display with full, rich colors. It can produce 16 colors simultaneously in its highest resolution mode, or 256 colors at a lower quality resolution.

Other standard features include a 120Mb hard drive, 1Mb of RAM (13Mb maximum), and Toshiba's highly regarded 79-key keyboard. There also are three expansion slots—one for a proprietary internal modem. The power, performance, and color fidelity on this system are first-rate, as are the documentation and overall support.

The retail price is \$7,249.

**Ergo Computing Moby Brick (1-800-633-1925).** One of the most innovative solutions for executives on the go is the Moby Brick from Ergo Computing. The Brick is just that—a small (8.4 pounds), high-tech "brick" that contains awesome computing power of up to 32Mb of RAM and 510Mb of hard-disk space. Everything from CPU to video card is in the Brick. With a keyboard and monitor at work and at home, you can bring your "desktop" computer to your home office.

The versatility of the system is enhanced with the Brick Docking Terminal: You simply snap in the Brick, and you are ready to work. A basic 486SX Brick lists for \$3,995 with 4Mb of RAM and a 120Mb hard disk. For more power, there is a 33MHz 486DX Moby Brick for \$4,995; for those who require less muscle, there is a 386SX version that costs only \$2,995.

All of the models come capable of displaying high-resolution graphics, a built-in 2,400-baud modem, and software that includes Windows (with Adobe Type Manager) or DESQview/386, which is memory-management and multitasking software.

Few solutions for carrying all of your work around—without copying files

from desktop to laptop and back—are as versatile as the Moby Brick.

### Palmtop PCs

Not everyone needs the full power of a desktop replacement PC or even a notebook computer. For those who want some computing power but who value light weight above all, there are the so-called palmtop PCs. These units are extremely small and light, although they make compromises on keyboards, screens, and overall power.

**Hewlett-Packard 95LX (1-800-443-1254).** The 11-ounce 95LX palmtop from Hewlett-Packard offers a surprising number of functions in such a small package (6.3 by 3.4 by 1 inch). The 1Mb of built-in system ROM contains a full working version of Lotus 1-2-3 Release 2.2, plus an appointment book, phone book, memo editor, filer, and communications program.

Data are stored in RAM, with up to two months of battery life. The system has an LCD display of 40 characters by 6 rows and a QWERTY keyboard, albeit a fairly small one.

The list price is \$699, and many peripherals, from modems to additional software, are available.

**Atari Portfolio (408-745-2172).** The Portfolio has yet to become the breakthrough product that Atari had hoped for, but for lightweight, portable computing power, this is a most affordable palmtop. The 1-pound Portfolio, measuring 7.1 by 4.1 by 1.1 inches, has a QWERTY keyboard and a relatively readable LCD display, making it more usable than some of its competitors' products.

Built-in applications include a spread sheet, phone book, and word processor, all with integrated on-line help. The applications may not be particularly robust, but they are functional, and there is a PC link that allows sharing of data with desktop or portable PCs.

Perhaps the main attraction to the Portfolio is the price of only \$299.

### Portable Printers, Accessories, And Odds & Ends

Business travel now can be more productive than it used to be, thanks to the many peripherals that can enhance your mobile office and let you turn out first-rate work almost anywhere.

**Citizen PN48 Printer (213-453-0614).** Going on the road no longer means roughing it when it comes to hard-copy output. The Citizen PN48

Printer is small enough to go anywhere your laptop goes; it measures only 11.7 by 3.5 by 2 inches and weighs only 2 pounds. This thermal unit can turn out high-quality text and graphics on a battery charge that lasts for about 25 pages. Built-in Epson LQ emulation en-



Hayes Pocket 2400: A reliable modem.

sures compatibility with almost all leading software.

The only possible drawback to the PN48—given its size and intended use—is speed. It definitely will turn out attractive copy, but if you're in a hurry, the output rate of about one page per minute might be frustrating.

The list price is \$549.

**Mannesmann Tally MT735 (1-800-843-1347).** High-quality page printing is the appeal of the Mannesmann Tally MT735. This 8-pound unit prints 300 dots per inch (laser quality) and turns out text and graphics at six pages per minute. The thermal transfer technology works with a battery that can turn out as many as 150 sheets on a charge.

Standard features include 1Mb of memory (to allow full-page graphics), HP LaserJet II emulation, and the ability to produce multiple copies of the last page printed.

The list price is \$1,295.

**Hayes Pocket Edition 2400 (404-449-8791).** What do you do if your notebook PC has no modem? You might turn to the Hayes Pocket Edition 2400, a portable modem engineered for convenience and reliability. The 2,400-baud modem weighs only 3 ounces, and it includes a phone and RS-232 cables that are permanently attached, so you don't have to worry about leaving an important item behind. Power comes from the computer and the phone line. Thus, no battery is necessary in the modem itself, keeping the size and weight down.

The system comes with communications software (Hayes' Smartcom EZ) and a two-year warranty. It lists for \$179.



Citizen PN48: A printer with quality output.



## MANAGING

# New Rules On Immigration

By Robert L. DeMoss II

In enacting the Immigration Act of 1990, Congress responded to appeals from business for more flexibility in recruiting the work forces needed to operate in an increasingly global economy. Major provisions of that law permit entry of more foreign workers with skills needed by U.S. employers.

The 1990 overhaul is the most significant reform of immigration laws since 1965, and the new provisions take effect Oct. 1. Employers need to be aware of how the provisions will affect their firms.

The new law deals with immigrant visas, which are those for foreign workers seeking legal permanent residence in the United States, and with nonimmigrant visas, for workers planning temporary stays associated with specific activities.

Details of the various categories within those major classifications follow:

## Immigrant Visas

Current law provides for 54,000 visas to be available every year to immigrants sponsored by employers and to members of their immediate families.

Effective Oct. 1, 1991, the act increases this total to 140,000 per year. These 140,000 are divided into three groupings of 40,000 each and two of 10,000 each.

**Priority Workers:** The first category of 40,000 is reserved for "priority workers." The law designates them as aliens with extraordinary ability, outstanding professors and researchers, and certain multinational executives and managers.

"Extraordinary ability" for immigrant-visa eligibility is determined by extensively documented, sustained national or international acclaim in the field of endeavor. Specific fields include the sciences, arts, education, business, and athletics.

Professors or researchers are "out-

standing" if they have had at least three years' experience in the academic specialty for which they are internationally recognized, and if they are coming to the U.S. to teach in a university or conduct research either in a university or for a certain type of private employer.



PHOTO: GARY ZARUBA-FOLIO, INC.

*"Outstanding," internationally recognized professors can get visas.*

standing" if they have had at least three years' experience in the academic specialty for which they are internationally recognized, and if they are coming to the U.S. to teach in a university or conduct research either in a university or for a certain type of private employer.

Finally, multinational executives and managers are eligible if they have been employed abroad in an executive or managerial capacity for at least one year within the three years preceding application, and if they are seeking to live in the U.S. to continue working in the same capacity for the same company or a subsidiary or affiliate of that company.

**Advanced Professionals and Those of Exceptional Ability:** The second category of 40,000 is reserved for members of the professions who have attained advanced degrees or their equivalent and those individuals who are of "exceptional ability" in the sciences, arts, or business.

*The new immigration law could affect your firm's access to skilled workers from other countries. Here are some of the rules.*

Although what constitutes "exceptional ability" has yet to be clarified definitively, the act does state that a degree, license, or certification in and of itself will not be sufficient proof. Normally there must be a sponsoring employer requiring services in the sciences, arts, professions, or business, as appropriate; however, a waiver of this job-offer requirement is possible when it is "in the national interest."

Under proposed Labor Department regulations for implementation of the law, workers seeking job-offer waivers must demonstrate that their respective occupations are commonly or traditionally based on self-employment or that they are on the Labor Department's list of fields in which there is a shortage of U.S. workers.

Those seeking admission in the second category must obtain certification from the U.S. Labor Department that there are no able, willing, and qualified workers available in the U.S. for the positions the applicants seek to fill.

**Professionals, Skilled Workers, and Other Workers:** The last major category of 40,000 is reserved for professionals holding bachelor's degrees, "skilled workers," and "other workers."

"Skilled workers" means those capable of performing labor requiring at least two years' training or experience. "Other workers" is a catchall category for those performing "unskilled" labor not requiring any minimum previous experience; the act limits this subcategory to 10,000 visas per year.

The requirement for certification of a lack of U.S. workers to fill the positions and the provision for exemptions apply to this category also.

**Investment Visas:** The law also establishes a novel category designated "Investment Visas," with a ceiling of 10,000. They will be available to persons making certain highly substantial kinds of investment in the U.S.

The proposal to create this category sparked sharp controversy during congressional consideration of the immigration-law changes. Opponents assailed such visas as "the sale of American citizenship." Nevertheless, the visas will become available beginning in fiscal 1992 to those coming to the U.S. to en-



## MANAGING

gage in a "new commercial enterprise."

To qualify, the enterprise has to be one that the individual has established and one in which he or she has invested at least \$1 million after Nov. 29, 1990, or is in the process of investing that amount. The enterprise must be one that will create full-time employment for at least 10 U.S. citizens or resident foreign citizens authorized to work here. Persons sharing an immediate family relationship with the investor may not be included in meeting the employee requirement.

The investors, which the law terms "alien entrepreneurs," and their accompanying family members must meet certain requirements to keep the Legal Permanent Residence status they have achieved through their investment. Their Legal Permanent Residence is granted only conditionally for the first two years. During the 90-day period preceding the second anniversary of Legal Permanent Residence, the entrepreneur must petition the Immigration and Naturalization Service (INS) for removal of the conditional status and must appear for a personal interview with an INS officer.

The entrepreneur must prove that he or she did, in fact, establish a commercial enterprise, invest the requisite capi-



PHOTO: © CHARLES W. FEE—UNIPIC

*"Exceptional ability" in business can enable a person to qualify for a visa.*

tal, and maintain the enterprise continuously. Failing the test results in termination of Legal Permanent Residence.

Furthermore, if it is demonstrated that the sole purpose of the application via the entrepreneurial route was to evade U.S. immigration laws, the immigrant not only will lose Legal Permanent Residence but also will be subject to criminal penalties of up to five years in prison.

**Certain Special Immigrants:** The final category of 10,000 is reserved for those in special classifications, such as ministers of religion, certain employees of U.S. government agencies, and family members of those connected with international organizations.

### Nonimmigrant Visas

Currently, those seeking temporary residence in the United States often are classified in one of three major visa categories:

The "H-1B" category covers "persons of distinguished merit and ability," including business professionals, athletes, and entertainers. The "L" category is for intracompany transfers of foreign executives or managers of multinational companies. The "E" category is for business people with substantial trade or investment ties with the United States.

Under the new law, effective Oct. 1, the L and E categories remain unchanged, but H-1B will be redefined. It will retain business professionals, but athletes and entertainers will be placed in either of two new categories—"O" or "P." In addition, the O category will be open to certain business professionals as well as scientists and educators, and the P category will also include artists.

O and P visas will authorize the recipient to stay in the U.S. just long enough to take part in a specific event, although an athlete applying for a P visa can request temporary residence for up to five years. Artists and entertainers admitted under P visas generally must wait at least three months after leaving the U.S. before being allowed to return again as nonimmigrants.

Both O and P visas will require, as a prerequisite, INS consultation with an appropriate peer group, union, or labor organization related to the visa applicant's field.

**Business Professionals (Category H-1B):** Foreign business professionals generally will be placed in the H-1B visa category. Such applicants must show they will come to the U.S. to perform a "specialty occupation," one requiring "theoretical and practical application of a body of highly specialized knowledge," and they must have at least a bachelor's degree or its equivalent.

Beginning Oct. 1, a company wishing to hire a foreign business professional for a temporary period must file with the U.S. Department of Labor a Labor Condition Application stating compliance with certain wage and working-condition requirements.

The application also must be filed in the workplace or with the professional's bargaining representative, if any, in the occupational classification and area for which the foreign worker is sought. This

## This card is only .007" thick, but it can make a wallet bulge.



*Call today. Use tonight.*

to see more clients to make more...well, you get the picture. Now get the card. It's free. So is our Corporate Business Break card that employers can use for discounts and other benefits for all their employees. To find out more, just call: 800-545-6343.

This card saves quite a few bucks in travel expenses. Beginning with a 10% discount on our already low room rates. Lower expenses mean more trips

**Travelodge**

*The Sign of Value.*



requirement is intended to give notice to any parties that might want to challenge compliance statements.

When the new immigration law takes effect, there will be, for the first time, a cap on the number of H-1B visas issued annually: 65,000. Given the high demand on this classification, some U.S. businesses may suffer while forced to wait to employ essential professionals until they fall within the quota.

**Business Professionals, Athletes, Entertainers, Scientists, and Educators (Category O):** Effective Oct. 1, visas in the new O category will be issued to those in business, sports, entertainment, the sciences, and education who possess "extraordinary ability." Such ability must be demonstrated by "national or international acclaim" or a "record of extraordinary achievement."

In addition, the attorney general must determine that admitting the applicant to the U.S. for temporary residence under an O visa would be of "substantial benefit" to the country.

Certain accompanying staff members will be eligible as well.

**Artists, Entertainers, and Athletes (Category P):** The new P category, created for certain artists, entertainers, and athletes, is subdivided into three types:

"P-1" visas are for outstanding athletes or entertainers coming to the U.S. for a specific competition or performance.

"P-2" visas are for artists or entertainers who are coming to the U.S. under the auspices of a reciprocal exchange program.

"P-3" visas are for artists or entertainers who are coming to the U.S. under a "culturally unique" program.

**Intracompany Transfers (Category L):** Category L visas are issued for intracompany transfers of foreign executive or management employees of companies under U.S. or foreign ownership that do business both in this and other countries. The new law allows managerial or executive holders of such visas to remain in the U.S. seven years, rather than five.

Prior employment abroad with the transferring company need no longer have occurred the year immediately be-

fore the employer files the visa petition. The new requirement is for a year's service with the company within three years preceding the filing.

Companies must demonstrate that the entity transferring a worker for whom an L visa is sought is sufficiently linked to the receiving entity in the United States. International accounting-firm transfers are specifically addressed because many have a distinct multinational ownership structure with autonomous partnerships in individual countries. Employees of such companies can qualify for intracompany transfer visas if their U.S. and foreign counterparts market their services under a common internationally recognized name through an agreement with a worldwide coordinating organization.

**There will be, for the first time, a cap on the number of H-1B visas. Some U.S. businesses may suffer while forced to wait to employ essential professionals until they fall within the quota.**

**Treaty-Traders (Category E):** The changes affecting international business also include an expansion of the E visa category for nonimmigrant "treaty traders," individuals whose businesses carry on substantial trade between the United States and their home countries. A firm's trade is "substantial" if it meets an amount estab-

lished by the secretary of state.

Overall, the new law deals with significant problems arising from U.S. immigration policies that failed to keep pace with the emergence of a global marketplace requiring employment flexibility across national boundaries.

As the U.S. Chamber of Commerce told Congress during consideration of the legislation that became the new immigration law: "Legal-immigration reform is long overdue. The world has changed dramatically in the 25 years since Congress last enacted a major legal-immigration reform law. Impediments to immigration among the United States' major competitors, especially in Europe and Asia, are disappearing rapidly and dramatically, yet American companies continue to operate under outmoded law."

The new law responded to that appeal from business for elimination of an important advantage enjoyed by U.S. competitors in the world marketplace. **■**



To order reprints of this article, see Page 75.

**STOP**  
**Before**  
**you build,**  
**read this.**

**Building Methods Compared**



**FREE**

Be sure you consider all the options and avoid potential costly pitfalls when you build your next business facility. VP will send you this valuable and comprehensive planning guide, "Building Methods Compared," including a special planning worksheet, free. To receive yours, just fill out the coupon below or call toll-free 1-800-238-3246.



**Varco-Pruden Buildings**

A United Dominion Company

Built On Superior Service

Free! "Building Methods Compared" including the planning worksheet. Mail to: Building Methods Response Center 5100 Poplar Ave./Suite 1400 Memphis, TN 38137

Company \_\_\_\_\_  
Your Name \_\_\_\_\_  
Title \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
County \_\_\_\_\_ State \_\_\_\_\_  
Zip \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_\_  
On \_\_\_\_\_ NB-09/91

Circle No. 9 on Reader Service Card.



## HEALTH

# Prescriptions For Medical Costs

By Roger Thompson

**T**he continuing escalation of medical costs and the lack of health insurance for 34 million Americans are certain to be key issues in next year's presidential election campaign. The outlines of the debate are only now emerging.

Although President Bush has not sent Congress legislation in those areas,

likely to veto any bill containing such a mandate.

■ Despite all the competing reform proposals, bipartisan consensus is building on a number of important matters, such as insurance market reforms aimed at small business, and pre-emption of state health-care mandates.

Clearly, Congress is under pressure to act. Opinion polls show health care at the top of the list of domestic concerns—and for good reason. The United States spent 12.2 percent of its gross national product, or \$671 billion, on health care in 1990, up from 11.6 percent, or \$604 billion, in 1989, according to the Office of National Health Statistics. The General Accounting Office estimates that the U.S. will spend \$707 billion on health care this year. At the same time, an estimated 34 million Americans have no health insurance, and that number is growing.

Employers have borne the brunt of rising costs through rapidly rising health-insurance premiums for their workers.

The average cost of a health plan per employee last year was \$3,161, up 46.3 percent since 1988, when the average cost was \$2,160 per worker, according to the Foster Higgins consulting firm.

While there is broad agreement that reforms should cut costs and extend access to health services for millions who are uninsured, there is no agreement on how this should be done.

Liberal Democrats and unions traditionally have favored a government-run national health-insurance plan supported by tax dollars. For example, Rep. Marty Russo, D-Ill., has introduced a bill that calls for a Canadian-style national health plan.

But advocates of a federal takeover have seen their idea go nowhere since it was first proposed over four decades ago.

Accordingly, key congressional proponents of this approach, notably Sen. Edward M. Kennedy, D-Mass., would now settle for requiring businesses to provide health insurance for their workers. But organized labor can't decide which approach to embrace. As a result, the Executive Council of the AFL-CIO

*A Democratic plan to make firms pay for employees' medical coverage is heating up the health-care debate for the coming election year.*

has endorsed both the employer-mandate approach and Russo's national health plan.

Republicans oppose a government takeover of the health-insurance system, advocating instead a market-oriented approach to solving the nation's health-insurance problems. Nor do they embrace the idea of an employer mandate.

President Bush, whose support will be needed to pass any sweeping health reforms, has rejected the idea of federally mandated national medical care.

Nonetheless, Democrats regard health care as a potent domestic political issue, and four Senate leaders are attempting to shape the coming national debate by offering their own proposal to overhaul the system. They are Majority Leader George J. Mitchell of Maine; Kennedy of Massachusetts, chairman of the Labor and Human Resources Committee; and John D. Rockefeller IV of West Virginia and Donald W. Riegle Jr. of Michigan, chairmen of two Finance subcommittees that oversee health issues.

In unveiling their plan at a news conference, Mitchell said, "Access to affordable, quality health care should be a right for all Americans, not merely a luxury for those who have the economic means to purchase health insurance."

The legislation, if enacted, would establish a "play-or-pay" system for all employers. They would have to provide full-time and part-time workers and their dependents with private health insurance or pay a payroll tax to fund a government program that would provide coverage. The exact tax rate would be set at a later date by the secretary of health and human services; it is estimated that it would be 7 to 8 percent.

The government program covering all individuals not included in employer-based health insurance would be called AmeriCare. It would provide core hospital and physician services as well as certain types of preventive care, such as prenatal checkups, well-child visits, mammograms, and Pap smears. In addition to covering the working uninsured, AmeriCare would replace Medicaid as the source of health insurance for the nation's poor.

Several provisions in the legislation also are aimed at making the program acceptable to small companies, which are defined as those that have fewer than 100



For a national health plan: Sens. George J. Mitchell, Edward M. Kennedy, and John D. Rockefeller IV

Budget Director Richard Darman has said the administration probably will come up with a proposal before the 1992 election.

In Congress, Democratic and Republican leaders have been jockeying for media attention for their own proposals, and more than a dozen lawmakers have tossed their own reform ideas into the legislative hopper.

Here is what many insiders are saying about health-care issues:

■ In the absence of broad agreement on solutions for health-care concerns, lawmakers will talk a lot about them but take no action this year.

■ Few members of Congress advocate a Canadian-style national health-care system. Politically, such a plan would be too radical a departure from the current system of employer-sponsored health insurance.

■ When the real fight comes, Republicans and Democrats will argue over whether to require business to provide health insurance for all workers. Democrats generally favor the idea, Republicans oppose it, and President Bush is



workers. (See the box on this page.)

Despite laudable attempts by the Democrats to attract the support of small business, the legislation still isn't acceptable, says Karen Brigham, manager of health-care policy for the U.S. Chamber of Commerce. The chief problem for business is the imposition of a government mandate for employers to purchase health insurance. "The mandate is a bitter pill that we just won't accept," says Brigham.

Failure to comply with the play-or-pay mandate would result in a 15 percent penalty tax on all wages.

In support of such a mandate, an aide to Sen. Kennedy says it is the only way to achieve universal health coverage without resorting to a Canadian-style national system, which most observers view as politically impossible.

The legislation also promises far more than it can afford to deliver, Brigham adds. It has no financing mechanism beyond the payroll tax. Moreover, there is no reason to believe that even an 8 percent tax would be sufficient to pay for the level of care specified in the legislation, she says.

The bill's sponsors estimate average annual health-insurance costs per worker at \$1,680, or about half the current national average. That estimate is unrealistically low, many say, and if it became the basis for the program, Congress

would soon be forced to raise the payroll tax or fund the program through some other revenue sources.

Holding the payroll tax at a level far below the actual cost of providing health coverage would create another problem. Many employers who already provide health insurance would be tempted to cancel their policies, pay the payroll tax, and let the government provide health insurance.

"The 8 percent payroll tax has no relationship to the actual cost of health insurance," says John C. Goodman, president of the National Center for Policy Analysis, a research institute in Dallas. "It's clear that the government is inherently incapable of pricing risks accurately."

The aide to Sen. Kennedy concedes that some employers, especially those in low-wage industries, would switch to the public health-care program. But he maintains that the payroll tax "is supposed to be kept in a reasonable balance with the costs of private insurance" to prevent wholesale abandonment of private insurance plans. Kennedy's aide also says that various insurance market reforms contained in the legislation would drive down the cost of private insurance for small employers.

One such reform would replace all state-mandated health-insurance services with a basic federal plan under AmeriCare. Employers have long complained that state mandates drive up the cost of health care by requiring coverage for what some regard as nonessential services, such as hair transplants and in vitro fertilization.

The bill also has several cost-containment provisions that its advocates say

## National Health Care Costs 1980-1990

(in billions of 1990 dollars)



Source: Health Care Financing Administration

would result in an estimated \$80 billion in savings over five years.

The Senate Democratic leaders evidently hoped to gain some measure of political advantage by unveiling their health-care reform package first. But the Republicans are not far behind. Sen. John Chafee of Rhode Island, chairman of the Senate Republicans' task force on health care, said he would introduce the group's counterproposals after the August congressional recess.

"There is considerable sentiment among Republicans that we ought to build on what we have rather than scrap it," says Chafee. While opposing the Democrats' play-or-pay plan, Chafee says his task force is considering a wide range of ideas, including:

- Incentives for small companies to form purchasing groups to gain market strength in negotiating for health insurance.

- Caps on the deductibility of health-insurance premiums.

- Reforms in the health-insurance market to make it easier for small companies to purchase and maintain coverage.

- Replacement of state health-care mandates with a basic federal health-care package that would impose uniform coverage nationwide.

Critics call these ideas "tinkering at the margins" rather than real reform, says Chafee. "I call it evolution, not revolution."

Indeed, small steps such as insurance market reforms and pre-emption of state mandates may be the only ones Congress eventually will take.

## How Senate Democrats' Health Plan Would Affect Small Business

The play-or-pay health-insurance system proposed by four Democratic leaders in the Senate contains several provisions that would affect small businesses. Here are some of those provisions:

- The employer mandate for companies with fewer than 100 workers would be phased in and would not apply if 75 percent of the workers uninsured at the time of enactment were subsequently covered voluntarily. Otherwise, the play-or-pay mandate would apply to companies with 25 to 99 workers four years after enactment. Companies with fewer than 25 workers would have five years to comply.

- New small businesses with fewer than 25 workers would not be required to provide health coverage during the first two years of operations. In the third year, businesses opting to pay the payroll tax would pay at one-half the normal level. In the fourth year, they would pay at the full rate.

- Federal standards would be created for the small-group health-insurance market. Among the standards would be elimination of exclusions for pre-existing con-

ditions and of denials of coverage based on health status; guaranteed access to managed-care programs such as health maintenance organizations (HMOs) and preferred provider organizations (PPOs); a return to community rating to determine premium rates; and a requirement that states provide information and assistance to small employers and consumers.

- Small businesses not offering health insurance in the year before enactment would be allowed to purchase coverage that paid hospitals and doctors at rates set by Medicare—rates that generally are much lower than standard charges.

- The self-employed would be allowed 100 percent deductibility for health-insurance premiums, rather than the 25 percent they may deduct now on their income-tax returns.

- Companies with fewer than 60 workers and defined as low-profit enterprises (those in which the owner earned less than \$53,400 a year) could take a 25 percent tax credit on the cost of health insurance for each full-time employee earning less than \$20,000.



# THE NEW BUICK EITHER THE COMPETITION OR WE'RE CHARG



\*Based on EPA-estimated hwy. mpg.  
25 Roadmaster/23 Town Car, multiplied by the fuel tank capacity.  
†Manufacturer's suggested retail price including dealer prep and destination  
charge. Tax, license and options additional. Levels of equipment vary.



Let's get it together...buckle up.

©1991 GM Corp. All rights reserved. Roadmaster is a trademark of GM Corp.



# ROADMASTER. IS CHARGING TOO MUCH, ING TOO LITTLE.

	'92 Buick Roadmaster Sedan	'91 Lincoln Town Car Executive Series
Engine	5.7-litre V8	4.6-litre V8
Anti-lock braking system	Standard	Standard
Driver-side air bag	Standard	Standard
Drivetrain	Rear-wheel drive	Rear-wheel drive
EPA-est. hwy. range*	575 miles	460 miles
Seating capacity	6 passengers	6 passengers
M.S.R.P.†	<b>\$21,445</b>	<b>\$30,038</b>

The new Buick Roadmaster is everything you'd expect from a luxury car. Its standard features include full-size comfort and big V8 power. The security of anti-lock brakes and a driver-side air bag is standard, too. And of course, it's built to the exacting standards of Buick quality. So how come the new Roadmaster costs thousands less than the Lincoln Town Car? Simply because at Buick, we still make *value* a standard feature of every car we sell. For more on what is perhaps the best value in American luxury sedans today, call 1-800-238-2929.



**BUICK®**

The New Symbol For Quality  
In America.

Circle No. 2 on Reader Service Card.



## INTERNATIONAL TRADE

# Revitalizing A Country

By Albert G. Holzinger

The roof of the Lai Lai Sheraton, a favorite hotel among business visitors to Taipei, sports a faded, sun-cracked running track so small in circumference that even a few laps can be a dizzying experience.

But despite its shortcomings, that oval is a popular destination of exercise-minded travelers to Taiwan's capital city.

The reason for the popularity of the Sheraton's roof becomes apparent to anyone who tries to run on the streets of Taipei.

The city's sidewalks are few, very crowded, and apt to be strewn with construction rubble. Most streets are lined with double- or triple-parked cars, so almost every green traffic light signals the start of an obstacle-course race for cars and, more commonly, motorcycles.

Similar disrepair reportedly is in evidence in Kaohsiung, Taichung, and other major cities. In some rural areas, it is said, there is essentially little or no infrastructure.

If you think these living conditions are inappropriate for a country whose currency reserves of \$75 billion are second only to those of Japan and whose export-driven economy has been one of the world's most supercharged for the past decade, you are not alone: Taiwan's government also views them as absolutely unacceptable and is seeking to upgrade them through one of history's most extensive national revitalization programs.

The program, launched by the Taiwan government early this year, calls for spending more than \$300 billion over six years on about 775 projects involving everything from public works to higher education.

Government spending of that magnitude should be a potent economic stimulus, allowing Taiwan's economy to continue growing by an estimated 7 percent annually through 1996. By then, the people of Taiwan would enjoy a standard of

living ranked in the top 20 worldwide, and they would have an average annual income of \$14,000, up from the current level of about \$8,000.

As you might imagine, most of the biggest-ticket projects envisioned under the plan involve the construction or refurbishing of transportation, telecommunications, and energy-production facilities and of housing.

For example, on the drawing boards are subway systems for Taipei and other major cities. There would be a lightening-fast rail system that would reduce from about five hours to 90 minutes the commute between Taipei and the southern city of Kaohsiung.

There would be 10 new major east-west highways, 25 new colleges and universities, and countless new housing units.

About \$37 billion is slated for spending on clean-up projects alone.

Smaller yet still substantial amounts are to be spent for enhancing recreational facilities, increasing vocational education and employment services, research and development in many technological areas, and upgrading health and welfare services.

*Taiwan's \$300 billion program to rebuild its infrastructure offers widespread opportunities for U.S. firms.*

While the postwar reconstruction efforts in Kuwait have drawn expressions of interest from more than 80,000 U.S. firms, Taiwan's infrastructure program—about 10 times larger than the latest estimates for repairing Kuwait—has generated relatively few inquiries about the emerging business opportunities there, says Albert Lin, director of the Information Division of the Washington office of the Coordinating Council for North American Affairs, Taiwan's representative organization in the U.S.

A U.S. company's lack of interest in Taiwan could be costly, however. In a recent article in *Business America*, a U.S. Commerce Department magazine, trade expert Craig Allen wrote that Taiwan refurbishment projects "offer significant export opportunities for American equipment and service suppliers."

The government of Taiwan has a long-standing Buy America policy aimed at reducing its U.S. trade surplus, which remained at about \$11 billion last year.

Still, as is the case in Kuwait, mining Taiwan's spending lode will not be easy. "Taiwan is a very complex place to do business, whether you are dealing with the public or private sector," Allen says.

"This market cannot be serviced from offshore. Therefore, the process of screening and selecting an agent is of vital importance."

The U.S. Commerce Department can give you useful information about the Taiwan market and can help you find an agent for a nominal fee. You can call the Taiwan Desk at (202) 377-4957.

Also helpful is the American Institute in Taiwan, a private organization authorized by Congress to represent U.S. interests in Taiwan. Its Washington office telephone number is (703) 525-8474.

And, finally, there is the Coordinating Council for North American Affairs. It has several U.S. regional offices. For the number of the office nearest you, call (202) 895-1850.

## SIX-YEAR DEVELOPMENT PLAN OF THE REPUBLIC OF CHINA ON TAIWAN

TYPE OF PROJECT	NUMBER OF PROJECTS	COST*
Transportation, Communications	100	\$102.64
Energy Development	77	37.03
Housing, Urban Development	44	34.48
Social Enrichment	39	29.43
Culture, Education	93	29.28
Irrigation, Water Conservation, Flood Control	61	16.45
Industrial Development	73	12.37
Environmental Protection	67	10.72
Agriculture, Forests, Fisheries	79	9.89
Science, Technology	67	8.64
Tourism, Recreation	30	4.68
Public Health	9	3.99
Services	10	1.51
Others	26	3.94
<b>TOTALS</b>	<b>775</b>	<b>\$305.05</b>

Source: Republic of China on Taiwan, Government Information Office

\* Estimated cost in billions of U.S. dollars.



S

20  
200

1

E E

20  
150

2

W H A T

20  
100

3

Y O T T ' R F

20  
80

4

M T S S T N G

20  
60

5

20  
40

6

20  
30

TAIPEI WORLD TRADE CENTER

7

20  
25

8

20  
20

TWTC helps you fill in the blanks. With International Trade Shows.

9

20  
15

Information services. And over 300,000 export items on permanent display.

10

20  
10

So if you feel that there's a blind spot in your Asian operations, we have the right prescription.

11

20  
5

12

Come to TWTC, and get the whole picture. *See us first.*



Operated by



CHINA EXTERNAL TRADE  
DEVELOPMENT COUNCIL

Address: 5 Hanyu Rd., Sec. 5, Taipei, Taiwan, R.O.C. / Fax: (886-2) 25-1314 / Tel: (886-2) 25-1111

Circle No. 32 on Reader Service Card.



# Building On A Blazing Start

By Michael Barrier

**T**he Blue Chip Enterprise Initiative is on a roll.

The Blue Chip program will kick off its second year in early September, at U.S. Chamber of Commerce headquarters in Washington, D.C. Connecticut Mutual Life Insurance Co. launched the program last year with the endorsement of the Chamber and *Nation's Business*.

This year, the Chamber and *Nation's*

distributed information about the program to their members.

More than 850 businesses filled out the multipage application for a Blue Chip Enterprise Award—an exceptionally strong response for a new program. The applications were reviewed by a panel of judges for each state, many drawn from the faculties of leading business schools.

Two hundred businesses—as many as

*The Blue Chip Enterprise Initiative is entering its second year of helping small businesses to learn from one another.*

had to overcome two natural disasters—fire and flood—and the death of its top executive. Wallace Co., a distributor of pipes, valves, and fittings to the oil industry, saw the bottom drop out of its business when Texas' economy collapsed.

In each case, the Blue Chip companies marshaled their available resources and turned the tide, against heavy odds. "The small businesses that will thrive in



PHOTO: CREDITOUTLINE

*Business* have strengthened their support of the program by becoming full-fledged co-sponsors.

Interest in the program has been bubbling since April, when four small businesses were designated the first National Blue Chip Enterprises at the Chamber's annual meeting. By midsummer, well in advance of any publicity for the second year of the awards program, more than 400 businesses had already asked for applications.

Chamber President Richard L. Leshner, in a letter to executives of local and state chambers, pinpointed the reason the U.S. Chamber attaches such importance to the Blue Chip Enterprise Initiative:

"Small businesses ... can gain valuable insights from others just like them who have faced ... problems and overcome them."

Last fall, Connecticut Mutual invited small businesses from across the country to submit case histories that described how they had surmounted obstacles of the kind that most small firms have faced.

Seven hundred state and local cham-

**Accepting trophies for the four National Blue Chip Enterprises: from left, Wallace Co.'s John Wallace, The TLC Group's Keith Klingenberg, Kiamichi Railroad's Jack Hadley, and Fox Manufacturing's Dale Fox.**

bers from each state and the District of Columbia—were designated as Blue Chip Enterprises.

One small business from each state was singled out for consideration at the national level, and four companies were designated National Blue Chip Enterprises. Those companies are Fox Manufacturing of Albuquerque, N.M.; Kiamichi Railroad of Hugo, Okla.; The TLC Group of Zeeland, Mich.; and Wallace Co. of Houston.

All of those firms faced severe challenges. Fox Manufacturing's plant went up in flames, leaving the company with \$1 million in furniture orders it could not fill. The Kiamichi Railroad started business as a "short line" in a community that was hostile to the enterprise because of fears it would mean the loss of rail service and jobs. The TLC Group

this decade will be those that can maximize the effectiveness of their existing resources," says Timothy F. Maurer, director of the Blue Chip program, and the first four national designees exemplify that statement:

■ While Fox Manufacturing rebuilt its plant, it maintained steady contact with its customers, keeping them advised of its progress and paying interest on their deposits for unfilled orders. When Fox resumed production after only two months, it had lost almost no orders.

■ The Kiamichi Railroad won the good will of its community by establishing partnerships with both customers and employees. It won customers by maintaining regular schedules and greatly improving service, and it shared the profits with its employees.

■ The TLC Group essentially stepped over its difficulties, using advanced technology to transform itself from a simple warehousing company into a multifaceted operation that offers customers continuous control of their goods, in transit and in storage.

■ Wallace Co. embraced the quality



# SMALL BUSINESS IS THE ENGINE THAT DRIVES THE AMERICAN ECONOMY.

## Announcing The Blue Chip Enterprise Initiative.™

Statistics show small businesses generate much of the innovation and new jobs this country enjoys. They are the Blue Chip companies of today. But now they are facing unprecedented pressures.

Providing small businesses with proven methods for meeting these challenges is one of the best ways to improve their competitive capabilities.

This is why Connecticut Mutual Life Insurance Company, the U.S. Chamber of Commerce, and NATION'S BUSINESS are sponsoring the Blue Chip Enterprise Initiative.

This Initiative is designed to seek out—and learn from—companies which have already demonstrated the ability to overcome challenges. To encourage these companies to share their case histories, we have developed the Blue Chip Enterprise Award. From the award applications, we will cull actionable methods for increasing competitiveness and make them available through participating local and state Chambers of Commerce.

As a reward for sharing their stories, and in recognition of their achievements and quality, designated companies will receive extensive publicity and promotional sup-

port. These designated companies' case histories will be featured in the Blue Chip Enterprise Initiative video library and companion book.

### There Are Many Ways to Participate

1. Join the initiative by applying for the Award. Describe what challenges you have overcome and how. Any for-profit company with five to three hundred employees and at least three years of continuous operation is eligible.
2. Nominate your employer, clients, or a company in your community.
3. Participate in the forums in which ideas will be shared.

### How It Works

Up to four Blue Chip Enterprises will be designated for an award in every state, The District of Columbia, and Puerto Rico. From these, fifty-two exemplary businesses—one from each area—will be identified. Ultimately, four National Representatives will be selected and invited to attend the U.S. Chamber of Commerce Meeting in Washington in February, 1992.



All applicants will receive the four volume Blue Chip Enterprise Initiative video library and an in-depth companion book of case histories.

**All Entries Must Be Submitted by November 30, 1991.**

Review will be conducted by an independent panel of experts in enterprise.

For complete information call 1-800-AWARD-92.

**Connecticut Mutual**  
The Blue Chip Company

**Nation's Business**  
The Small Business Adviser

Circle No. 14 on Reader Service Card





## ENTERPRISE

movement, giving its employees more power over how they do their jobs, building partnerships with reliable vendors, and using computer technology to cut back its inventories while increasing on-time deliveries.

After the four national designees received their trophies at the U.S. Chamber of Commerce's annual meeting, the designees from each state received their awards at regional ceremonies throughout the country.

The first year of the Blue Chip program did not end with those ceremonies, though, and in a real sense it will never end. The essence of the Blue Chip Enterprise Initiative lies not in awards but in what the U.S. Chamber's Lesher calls "a continuing learning and sharing program."

The four national Blue Chip designees and the state designees are being featured in Chamber-produced segments for cable television news programs. In July, the Blue Chip Enterprise Initiative released the first volume of a video library, made up of expanded versions of 12 of those success stories. Other segments will be gathered in additional volumes.

Copies of the video library are being sent free to each business that applied for a Blue Chip award last year, and to each local and state chamber that participated in the Blue Chip program, for sharing with their members. Each applicant and each participating chamber will also receive a copy of a book, to be published in September, that will present in detail the case histories of the 200 Blue Chip Enterprises. The complete set of videos and the book can be ordered by phone from the Blue Chip Enterprise Initiative at 1-800-AWARD-92. The video library costs \$60, and the book is \$8.95.

Beyond the individual case histories, the Blue Chip Enterprise Initiative is yielding insights into the strategies that most often pay off for small businesses.

According to an analysis by the initiative's administrators, 86 percent of the 200 Blue Chip Enterprises concentrated on human-resource management—"managing and motivating both internal and external personnel. Internally, the most successful companies concentrated on training (often cross-training), retaining, and motivating employees to reduce turnover and to achieve quality goals." Externally, these companies worked at creating real partnerships with vendors and clients.

Almost as high a percentage—75 percent—of the Blue Chip companies cited marketing as a critical element in their success. "In its most effective application," the Blue Chip report says, marketing management "meant understanding and committing the company to

meeting customer needs, sometimes becoming a virtual extension of the customer."

Finally, 56 percent of the Blue Chip companies attached great importance to quality management, which the report says "meant establishing an operating philosophy that extended the entire length of the production and delivery stream, touching every interface between the company, its vendors, and customers."

The study revealed surprises, too, in that widely favored solutions to business problems turned out to be critical to the success of relatively few Blue



**Insights from these Blue Chip companies have illuminated a critical path to success for small businesses. [They] can use these proven strategies to lead our country to a new level of competitiveness.**

—Denis F. Mullane  
of Connecticut Mutual

Chip companies. Only 17 percent of the 200 designees said that reorganizing management had been key to their success, for example; likewise, only 15 percent cited improvements in technology.

The Blue Chip Initiative thus offers the prospect, as information accumulates over the next few years, of reshaping common assumptions about what most contributes to business success. But even now, as Denis F. Mullane, Connecticut Mutual's president and chief executive officer, says, "insights from these Blue Chip companies have

illuminated a critical path to success for small businesses. America's small businesses can use these proven strategies to lead our country to a new level of competitiveness."

**C**ompleted applications for Year Two of the Blue Chip Enterprise Award search will be accepted from Sept. 2 until Nov. 30. Any for-profit small business that has been in operation for at least three continuous years, and employs from 5 to 300 people, is eligible to apply. Subsidiaries of larger companies are not eligible, but independently owned franchises are.

There is no entry fee.

State designees will be announced in early February, and the national designees will be honored Feb. 24 during the U.S. Chamber's legislative rally at Constitution Hall in Washington.

This year, applications will be accepted from Puerto Rico as well as the 50 states and the District of Columbia. Businesses that wish to apply for a Blue Chip Enterprise award should get in touch with their local chamber or call 1-800-AWARD-92.

Each business that applies will receive complimentary copies of the book and the video library that grow out of next year's awards. Each of the approximately 200 firms designated as Blue Chip Enterprises will receive a complimentary one-year membership in the U.S. Chamber of Commerce, as well as a Blue Chip Enterprise Award trophy and logo treatments that can be used in advertising and promotion.

The benefits that flow from the Blue Chip designation can be enormous, says Keith Klingenberg, who with Craig Hall is a principal owner of The TLC Group, one of the 1991 national designees. "It's been an ongoing euphoria for us," he says, citing a steady stream of media interest in TLC—including an article in *The Wall Street Journal*—and enhanced prestige in the business community.

The award's ripple effect, Klingenberg says, "has been far beyond our wildest hopes," particularly in the way it has stimulated a sense of "ownership" in TLC's employees: "This award was truly shared by everyone."

In sum, Klingenberg says, "I would certainly recommend that any company invest the time in applying for this award. It's been a very, very valuable experience for us."

All firms that apply for the Blue Chip award can enjoy the satisfaction of taking part in an effort that holds the promise of benefiting small businesses all across America.

As the Chamber's President Lesher says of the Blue Chip Enterprise Initiative, "It is clearly a great idea whose time has come."





## EVEN IN 1892 SLOW ROASTED COFFEE WAS QUICK TO PLEASE.

¶ In 1892 folks took pride in everything they made, from the jam they put up to the food they put in front of their families. Part



of that pride came from a stubborn insistence on taking the time to do things right. ¶ Maybe that's why coffee was slow roasted back then for an especially rich flavor and aroma.

¶ Slow roasting is a labor of love that can take up to six times longer than is common practice these days. The result is an

uncommonly good cup of coffee.

¶ You might not have expected to come upon a genuine slow roasted coffee at your grocer's. But Maxwell House remembers slow roasted coffee. And its lusty taste that recalls simpler, less hurried days. You will find it in Maxwell House® 1892™ Slow Roasted Coffee.

¶ Pick up a can next time you go shopping, and savor the rich taste and aroma of slow roasted coffee. It's as quick to please today as it was 99 years ago.





# Family Business

*Good reasons to part with your money; the advantages of investing for the long term; a son's return to a nest of troubles.*

## COMMENTARY

### Something To Be Passionate About

By Sharon Nelton

The big problem in a family firm, says consultant Léon A. Danco, is not bringing the children into the company; "it's getting the old boy out."

The "old boy," of course, is the owner or founder unwilling to retire because his life is centered on the business. Now Danco, a renowned, Cleveland-based expert on family business and—in his late 60s—somewhat of an "old boy" himself, has come up with a solution.



PHOTO: AMANDA SALDORIO

**Here's an idea I urge you reluctant retirees to consider.**

—Sharon Nelton

Danco is advocating a concept that he calls "Beyond Success," extending the theme of *Beyond Survival*, which, when he published it 16 years ago, was one of the first books ever written for family-business owners. "Beyond Success" is an idea I urge you reluctant retirees to consider as you ponder what to do with the money you've made and all that dreaded time you expect to have on hand once you let go of the business.

In short, Danco is urging business owners, as they near late middle age, to turn their companies over to their successors and devote their own energy, wisdom, and a chunk of their wealth to starting and running their own grant-making, family-business foundations.

Older business founders have to find something to be passionate about, Danco contends, or they will meddle in the businesses that they created "and destroy on the way down what they built on the way up." The key, he be-

lieves, is philanthropy—not just handing out money, but creating a cost-efficient way of distributing funds to projects that a business founder views as important, and becoming active in those projects that he or she funds.

Danco estimates that there are 10,000 to 20,000 business owners in the U.S. who could put an initial \$1 million into a foundation. His goal is to inspire 100 of them to put \$10 million each into family foundations.

Danco is putting his own personal version of "Beyond Success" into action, cutting back on speechmaking, consulting, and running seminars, and hewing to his plan of retiring by age 70. To continue to make a meaningful contribution in life, he set up the Katy Danco Foundation, named after his wife, with \$250,000 several years ago. He is working on a "Beyond Success" book and is offering his services to help others set up their own foundations on the condition that they contribute to the Danco foundation the equivalent of 1 percent of what they put into theirs. "Compared to my consulting fees, that's nothing!" he says.

Danco's foundation enables Katy Danco to pursue charitable activities in her two particular areas of interest—children and small animals. It also provides a "laboratory" in which Léon Danco can gain hands-on foundation experience and knowledge that he can share with other business owners.

"Most people make gifts as bequests when they're dead," says Danco. "So the lawyers write a check, and the widow gets invited to a party, and that's the end of it. But this is a chance for a man in the prime of his maturity—say 50 and up—to build something that truly is going to immortalize his value system. He can get up every morning passionately interested in it so that he doesn't mind that his successors passionately run his business."

It's an idea worth considering.

## PLANNING

### The Power Of Patient Capital

By John L. Ward and Craig E. Aronoff

It is the simplest and truest economic advice in the world, and you've heard it many times: "Buy low, sell high." As with much else that is simple, this advice is easier given than received. To buy low, you must understand when prices are low and actually wait for them to fall to depressed levels. Similarly, to sell high, you must have the experience to recognize fully priced or overpriced situations and wait for such circumstances to develop.

To follow the "buy low, sell high" dictum, you need knowledge, experience, and patience—things most likely to be found in successful family businesses.

In our previous column, we described how many family businesses turn reliable, trusting relationships into a strategic advantage. Now we discuss another competitive advantage found most often in family firms: the power of patient capital—making investment decisions with a long-term view.

"When our products' costs are high, we can work to aggressively build market share despite tighter margins," explains a processor of agricultural products. "Our nonfamily business rivals worry about showing consistent profits, so they pull in their horns when costs are high. But when what we buy is in the low-cost stage of its cycle, we can really make up the profits. That gives us a tremendous advantage."

The owners of another very successful family business say they're eager to invest in "ugly ducklings"—unappealing, out-of-favor industries. "Why not?" says one of the owners. "It gives us a great opportunity to purchase something undervalued and get a bargain."

These firms and many others are applying experience, knowledge, and creative thinking to take advantage of their independent, private-ownership nature. Sure, smaller, privately held, family-owned businesses have the competitive disadvantage of limited capital. But they do have the opportunity to place their capital, patiently, where others fail to



# CAN YOUR BUSINESS SURVIVE YOUR FAMILY?

New From  
Nation's Business



Can't understand why dad won't retire? Think your kids could never run the company? Worried how the family business will survive?

"Making Your Family Business Outlast You" can help ensure that your business is passed on successfully to the next generation.

Developed by three of the country's leading family business authorities, the six-cassette audio program and "how-to" workbook give you insights and techniques on:

- Communicating Your Family Business Vision
- Understanding Your Family and Managing Family Conflicts

- Managing Your Family Business
- Raising Your Children For Leadership
- Preparing and Implementing A Succession Plan
- Finding and Using Advisers and Directors

Half of all family businesses risk failure because they don't have a succession plan—don't let yours become one of them. Order "Making Your Family Business Outlast You" today!

CALL TOLL FREE  
1-800-538-4400.

**YES**, please send me the "Making Your Family Business Outlast You" audio cassette program kit! If I'm not completely satisfied, I can return within 15 days for a full refund.

☐ Check enclosed for \$95.00  
Please enclose \$4.00 for shipping and handling.

☐ Please bill my credit card: ☐ AE ☐ MC ☐ VISA

Card Number \_\_\_\_\_ Exp. \_\_\_\_\_

Signature \_\_\_\_\_ Title \_\_\_\_\_

Name \_\_\_\_\_ Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

UPS Shipments Only—No P.O. Boxes. CA and D.C. residents add sales tax.  
Nation's Business, Circulation Department,  
1615 H Street, NW., Washington, D.C. 20062 NB0091

**Nation's Business**

Circle No. 8 on Reader Service Card



see opportunity or simply fear to tread.

They realize the fundamental economic truth: When other buyers shy away from something of long-term value, better bargains and opportunities to build more wealth become possible. As you ponder strategic directions for your business, consider whether there are possible opportunities like these:

**Out-of-favor industries and businesses.** Those who make business decisions too often follow the herd to popular investments that "everyone" seems to think are good ideas. In the meantime, possibilities that "everyone" seems to be avoiding create special opportunities.



For example, some businesses are unappealing because they are perceived as "dirty." Some metalworking, waste-handling, maintenance, and chemical businesses may not get sufficiently close consideration from pristine analysts or ivory-tower executives. Other businesses may be avoided because of recent bad experiences or bad press. Some real-estate, banking, and bankrupt businesses may deserve close attention as undervalued opportunities.

**Cyclical businesses.** As indicated in an example above, some businesses depend on commodities with widely fluctuating prices. If most people in the industry are worried about near-term or consistent profits, then a private company can take advantage of timing.

Another opportunity is in a trading business, such as scrap, commodities, or shipping commitments. Trading businesses have lots of ups and downs. Few people have the patience to participate.

**Long development times.** Many business people avoid situations that take a long time to develop or a great deal of patience before coming to terms. Managers in nonfamily businesses are often eager to make a mark or to see results. An investment that takes years

to show success may be especially appropriate for a family-owned company willing to take the long view.

For example, it can take years to launch some businesses, such as those in land development or that require environmental permits. Other businesses must go for long periods before positive cash flows begin.

A family business can also be the perfect acquirer of another family firm. Empathy makes patience possible as the seller slowly makes up his or her mind—an advantage when you are competing against potential buyers who feel the pressure to "make a deal."

**P**atience is often a blessing for the family-owned company. But investment decisions like those described also require great personal discipline. Doing what others don't want to do is a great advantage, but it also requires great care.

Developing strategy and vision for your firm is a gradual and constant process.

One principle that leads to excellent strategy is to do what you do best and what others can't do as well.

As a family, here's what you can do well but others have difficulty with: You can make decisions more quickly; you can build businesses based on personal relationships and integrity; and you can provide close, personal supervision.

Family firms' other strategic advantage is the opportunity to take the long-term view. We encourage you to reflect on advantages that family ownership can provide and to develop methods for applying them to your benefit.

One successful business owner told us recently: "Patience and the long view not only make good business sense but also make great family sense. The way we run our business is also a wonderful example for our family."

Patience, knowledge, and experience applied through a disciplined strategy produce powerful capital, businesses, and families.



John L. Ward is the Ralph Marotta Professor of Private Enterprise at Loyola University of Chicago. Craig E. Aronoff holds the Dinos Chair of Private Enterprise at Kennesaw State College in Marietta, Ga. Both are family-business consultants.

## Mark Your Calendar

### Oct. 4, Goshen, Ind.

The Family Business Conference, sponsored by Goshen College, includes sessions on perpetuating the family business, building trust among family members, and the role of a board. Contact Leonard Geiser, Family Business Studies Program, Goshen College, 1700 S. Main St., Goshen, Ind. 46526; (219) 535-7150.

### Oct. 6-9, Santa Barbara, Calif.

"Passing the Baton," a seminar designed for families five years from a management transition in their businesses. Looks at how to manage conflicting business and family goals, selecting successors, and estate planning. Contact the Owner Managed Business Institute (OMBI), 226 E. De La Guerra St., Santa Barbara, Calif. 93101; (805) 564-8380.

"Women in Family Business," another seminar sponsored by OMBI, looks at career development and other issues for mothers, wives, sisters, daughters, and daughters-in-law connected with family firms. Contact OMBI at the above address or phone number.

### Oct. 17-19, Beaver Creek, Colo.

"How Can Family Business Best Be Served?" is the theme of the Annual Conference of the Family Firm Institute. For professionals serving family businesses as well as members of family firms. Speakers include Peter Coors of Coors Brewing Co. Contact FFI at P.O. Box 476, Johnstown, N.Y. 12095; (518) 762-3853.

### Oct. 20-Nov. 1, Santa Barbara, Calif.

The "Owner-President" Program of the Owner Managed Business Institute is designed to help owners with strategic, organizational, and personal issues and to help them make a transition to more professional management. See the Oct. 6-9 listing for the address and phone number.

### How To Get Listed

This list of family-business events features national and regional programs that are open to the public. Send your item three months in advance to Family Business, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062.



CASE STUDY

# A Nest Of Troubles Greets Son's Return

It all began to fall apart, thought Rudy Schmitz, right after he returned to the family firm as assistant controller with his new, prestigious MBA. Ever since he was 15, when his father, Will, had started Schmitz Sand and Gravel, Rudy had been fascinated by the company. He worked there part time through high school, then full time after getting his undergraduate degree in math.

Besides Rudy and Will, Rudy's younger brother, Chuck, works in the company in a blue-collar job. Chuck, who barely finished high school, has been with Schmitz for three years. He is foreman of the gravel pit, and the workers see him as "one of the guys."



ILLUSTRATION: DAVID CHEN

Also on board is Duke Ferrara, an aggressive, hearty type who, in five years with the firm, has risen to general manager. Duke brags openly to the crew about being "superior" to Will. He has pushed unceasingly for stock options, and Rudy is surprised that his father hasn't asserted himself with Duke.

Rudy finds his excellent relationship

with his father now threatened because Will has reneged on a promise to pay Rudy commensurate with his education. In fact, Chuck makes more than Rudy and has resisted Rudy's overtaking him or having clear-cut authority over him.

Rudy, whose real love is accounting, wonders how one short management course during his graduate studies could possibly have prepared him for this.

If that were not enough, Rudy has also noticed that Duke has been on a spending spree. In addition to making some expensive purchases, Duke has been paying Schmitz employees much more than the employees of its competitors. Rudy had just begun to fear the company was headed for real trouble when, by coincidence or otherwise, Duke proposed a buyout offer that appears quite low to Rudy.

Should Rudy intervene? Can he?



PHOTO: CBRUCE ZANE

## Make Suggestions And Start Looking

*Paul Frishkoff, professor of business administration at the University of Oregon, Eugene, Ore.:*

Even if Rudy had more experience, this would appear to be an extremely thankless situation for him. For reasons of his own financial stability and mental health, I would strongly advise him to look immediately and seriously outside the company for a long-term career. Still, because of his family loyalty, and with the slim possibility that he may turn out to be the family's hero, he might at least propose the following to his father:

- Dismiss Duke. He is a spreader of discontent, and, no matter what his skills, he is undermining the business and its founder. Besides, he spends irresponsibly, which is a large part of the company's problem. If severance is called for, negotiate it so that it is not an immediate drain and so that Duke is not the most preferred creditor should insolvency actually occur.

- Give somebody—Rudy, or the controller if Will wavers about Rudy's inexperience—tight and immediate authority over spending.

- Initiate honest communication with the employees. They need to understand that an inflexible, above-competition wage scale will make them all losers. Perhaps Chuck, who has played the role of confidant to the blue-collar staff, can be of help here (and feel like a big shot in doing it).

- Also initiate good communication with secured creditors, particularly the bank. Rudy's education and numerical skills may help here. However, he will participate in this effort only as a member of Will's staff, since it is to Will that the bank has really extended the credit.

Although professional counseling would benefit the family and the business in the long run, right now time is of the essence. Later, whether or not the business survives, the family should seek assistance to overcome poor communication, mutual distrust, and lack of planning.



PHOTO: JACK FRIEDMAN/BLACK STAR

## Rudy Must Clarify His Own Goals

*Wendy C. Handler, assistant professor of management at Babson College, Babson Park, Mass.:*

Members of the next generation often enter the family business without clear personal goals and expectations. With their undergraduate or graduate business degrees, they may believe they are equipped to master the challenges of a family business. However, experience—outside as well as inside the family business—is the only real training.

In this case, Rudy has entered Schmitz Sand and Gravel ready to make his mark. He finds that the business is mismanaged. However, he cannot simply "fix" the company as he did with his cases in business school. It will not work. Even though he has an advanced degree, he lacks real-world experience. He also lacks credibility with both family and nonfamily members working in the firm.

Rudy needs to define his own goals and objectives. Ideally, he should have done this while he was working on his master's degree, asking himself such questions as: What areas of the firm do I want to work in when I enter? Does this fit with where I may be needed? Do I have the necessary skills and abilities?

While reflection is important, this is time for action. Rudy needs to stay on his father's side and use his accounting background to research labor rates in the industry, negotiate better terms with the bank, and determine unnecessary expenses to cut.

For Will, Chuck, and Rudy, ongoing communication about critical issues is necessary.

In the short term, they will need to decide whether Duke should stay with the firm, how to tighten wage policies, and how to improve the financial outlook. If the company makes it through the immediate crisis, then the focus should turn to determining the future direction of the business, the role of each brother in management, and planning succession.

This is one of a series of case studies of family-business dilemmas, commented on by members of the Family Firm Institute and edited by Cleveland business consultant Ernesto J. Poza. The cases are real, but identities have been changed to protect the privacy of the individuals involved. The authors' opinions do not necessarily reflect the views of the institute. Copyright © by the Family Firm Institute, Johnstown, N.Y.



## MANAGING

# Tips For Boosting Your Cash Flow

By A. David Silver

If your sales have declined because of the recession, try these steps to help you increase your cash flow substantially in less than 60 days:

**Capture Data On Customers.** Put a large fishbowl in the store near the cash register, and place a sign above it saying a drawing will occur in 30 days, with the winner to receive a special prize. Have customers fill out forms asking their name (to capture gender), birth date (to capture age), and address (to capture location). You'll find out who your customers are. Enter your customers' names and other information in a database and update weekly.

**Market Research.** Study the list. Are most of your customers women over 40? Or teenagers and children? Do they come from one ZIP code or several? Do they drive or walk to your business? When you know the demographics of those who do shop at your store, you can target your marketing efforts more effectively to reach those who don't.

**Inexpensive Marketing Strategies.** Send birthday cards to customers, and offer them a 10 percent discount if they come in with the card. Mail your customers a monthly newsletter/catalog, announcing specials, new products and services, and events at the store. In planning events, you could invite local apparel stores to have fashion shows in your establishment—particularly if it's a restaurant. Invite local artists to hang their works on your walls, and charge them a sales commission.

**Public Relations.** Kill your advertising budget for a month by concentrating on "free advertising"—that is, public relations. You'll need something to talk about for the newspapers to pick up your story.

A. David Silver, a financial consultant, is the author of *The Inside Raider* (Harper & Row, 1990) and other books.



ILLUSTRATION © STEVEN TURN

Here's a proven idea: "Buy a product; plant a tree." Give away a small pine seedling in a bag for any purchase of \$20 or more. You can buy the seedlings from a local nursery or from Central Florida Lands & Timber Co., Perry, Fla., for \$1.25 each. Then call the Boy Scouts, the Girl Scouts, schools, churches, and any associations involving children, and invite them to "buy a product; plant a tree." If 20 Scouts get 20 trees from you and plant them in a local park, the newspapers will say where they got them—your store—and many more customers will come in to buy from you. And if 20 Scouts buy or receive 20 trees, they or others will have paid you \$400 for products. And you will have captured their names and their parents' names for your customer mailing list.

**"Air Space" Marketing.** Put racks and buckets at the ends of aisles and carry high-markup items in these spaces, which previously were not retail

*Here are some low-cost ways to generate traffic and turn noncustomers into customers.*

spaces; hence, the phrase "air space." Greeting cards, refrigerator magnets, potpourri, key chains, and similar items usually carry sufficiently high margins for this.

**Find Noncustomers.** Enter into joint ventures with local large department stores—with whom you are not in competition—to put your mailer into their monthly invoices. It will be sent to hundreds of thousands of their customers, not yours. If a recipient comes into your store carrying one of these "stuffers," you can give that person a 10 percent discount, and you can pay the department store 20 percent of the retail selling price for the cost of using its monthly billing envelope.

**"Come Fly With Me."** Copy the airlines. Offer a "Frequent Shopper Club" discount. In your newsletter, announce a series of prizes for customers who spend \$100 a month at your store, \$250 a month, or \$500 a month. The prizes can be discounts or free trips. You can tie in the program with Visa or MasterCard for an added plus, and the card companies might rent you their lists in your best ZIP codes.

**Back-Door Marketing.** As your list of customers grows, you can begin to rent it to large magazine publishers and credit-card firms at the rate of 7 cents per name. Let's say you capture 5,000 names and rent the list to 20 direct-marketing firms. That's 100,000 name rentals at 7 cents apiece, or \$7,000.

Note that in all of these suggestions, you wouldn't have to spend much money to increase traffic—perhaps \$5,000 for computer services and for preparing a small coupon to be stuffed into the department stores' monthly billing envelopes. But you would reap benefits, such as cutting your advertising expenses to the bone, generating two or three times more traffic, and, best of all, capturing noncustomers and converting them to customers.



# THE BUSINESS TRIPS THAT KEEP YOU APART CAN NOW BRING YOU BACK TOGETHER.

## Sheratons in the Southwest

### HOTELS

#### ARIZONA

**Tempe:**  
Sheraton Tempe Mission Palms  
Hotel

#### COLORADO

**Colorado Springs:**  
Sheraton Colorado Springs Hotel

#### LOUISIANA

**Baton Rouge:**  
Sheraton Baton Rouge Hotel  
**Metairie:**  
Sheraton New Orleans North  
Hotel  
**New Orleans:**  
Sheraton New Orleans Hotel

#### OKLAHOMA

**Oklahoma City:**  
Sheraton Century Center Hotel  
**Tulsa:**  
Sheraton Kensington Hotel

#### TEXAS

**Austin:**  
Sheraton Austin Hotel  
**Corpus Christi:**  
Sheraton Corpus Christi Bayfront  
Hotel  
**Dallas:**  
Sheraton Mockingbird Hotel  
Sheraton Park Central Hotel  
**Denton:**  
Sheraton Denton Hotel and  
Conference Center  
**Houston:**  
Sheraton Astrodome Hotel  
Sheraton Crown Hotel and  
Conference Center  
Sheraton Grand Hotel by Houston  
Galleria  
**Irving:**  
Sheraton Grand Hotel at DFW  
Airport  
**San Antonio:**  
Sheraton Fiesta San Antonio Hotel  
Sheraton Gunter Hotel

### INNS

#### LOUISIANA

**Bossier City:**  
Sheraton Inn Bossier City

#### OKLAHOMA

**Tulsa:**  
Sheraton Inn Tulsa Airport

#### TEXAS

**Brownsville:**  
Sheraton Inn Plaza Royale  
**Sherman:**  
Sheraton Inn Sherman  
**Texarkana:**  
Sheraton Inn Texarkana

This offer is also available at  
participating Sheratons in the  
Southeast.



## STAY AT A SHERATON ANY NIGHT SUN-WED AND GET 25% OFF OUR SPECIAL ENDLESS WEEKEND<sup>SM</sup> PACKAGE PLUS DISCOUNTS ON AVIS CARS.

Now turning business into pleasure is easy.

Stay at a participating ITT Sheraton in the Southwest during the week and you'll get a certificate for 25% off our already discounted Endless Weekend for two. These romantic weekends begin as early as Thursday, include full breakfast every morning and Sunday check-out isn't until 6 pm.

On top of that we'll also give you a certificate for a free upgrade or third day free on your next car rental from Avis.

Call your travel agent or 800-325-3535 for reservations. And let your next business trip take you away. Together.



**ITT Sheraton**  
SOUTHWEST

THE NATURAL CHOICE.

Offer valid 9/4/91-12/28/91 at participating Southeast/Southwest properties. Weekday defined as Sun-Wed, weekend Thurs-Sat. Certificate obtained when staying at Rack, SET, Corporate rate, Sun-Wed. Certificate valid for one "Endless Weekend" stay at 25% discount and must be turned in upon check-in. Discount rates are subject to program availability. Advance reservations required. Discount not valid for groups. Family Plan applies. Taxes and gratuities not included. Offer not combinable with other discounts. Certificate not redeemable for cash. The Avis one car group upgrade is subject to availability. Advance reservation with request for both Avis offers is required. Offer valid at participating Avis locations in the contiguous U.S. through March 31, 1992. Complete Terms and Conditions on certificates.  
© 1991 ITT Sheraton Corporation.



# Fidelity New York Soars with MNI!

As a \$2 billion Bank with 20 branches spanning Long Island and Manhattan, Fidelity New York prides itself on developing dynamic, high impact advertising, targeted to an affluent and savvy marketplace.

Media Networks provides Fidelity New York with an extremely efficient advertising buy, delivering long-lasting awareness and results!

**Soar With Fidelity New York... Strength And Safety!**

The American eagle is a symbol of strength and commitment. As the corporate symbol of Fidelity New York, it represents the commitment to superior service and the pursuit of excellence in every aspect of the business.

Fidelity New York is a leader in the industry, offering a wide range of investment services to meet the needs of individual and institutional investors. The bank's commitment to excellence is reflected in its record of performance and its dedication to customer service.

**Fidelity New York**  
Banking with Confidence

Assets: \$2 Billion

The MNI News Network gives our ads a quality environment plus the prestige of some of the finest magazines available. Our "Eagle" campaign has been highly successful in your magazines and we've been very satisfied with the demographics of those who respond. The shelf life of your magazines gives us added advertising value!

Media Networks continues to be an important part of Fidelity's advertising program.

*Thomas D. Lovely*

For more information on how to reach your local audience through national magazines, call 1-800-225-3457, ext. 6505.



**Thomas Dixon Lovely**  
Chairman and Chief Executive Officer

**MNI**



**3M**

©1990 Media Networks, Inc.



# THE PORTABLE WITH A BIG PLUS: UNITED'S MILEAGE PLUS.®

**BUY THE OKI 900  
FOR JUST \$699, AND  
GET 5,000 FREE MILES—  
PLUS AN ADDITIONAL  
FREE MILE FOR EVERY  
DOLLAR SPENT ON  
CELLULAR ONE CHICAGO  
SERVICES FOR A YEAR!**

The OKI 900 portable not only comes with this great free mileage offer, it also comes with the sleek, contemporary styling and superior quality you expect from OKI, the company that pioneered cellular phones. It easily slips into your purse or pocket and has a complete range of enhanced calling features, including speed dialing, call timers, a built-in user's manual, 200 memory locations, recording of phone numbers in your absence, and more. And best of all, you'll be a subscriber to Cellular One, Chicagoland's number one cellular phone service! Call for the Cellular One location nearest you.

**1-800-CELL ONE**

**CELLULAR ONE®**



A Southwestern Bell Company



UNITED AIRLINES



**OKI  
PHONES**

Price may vary by location, is subject to availability of sufficient quantities, and available with specific rate plans only. New Cellular One activation required for at least 120 days. One United Airlines Mileage Plus mile is earned for each dollar paid for Cellular One airtime, rate plan charges and optional feature charges. United Airlines Mileage Plus credit is subject to availability, terms and conditions of the Mileage Plus program. Other restrictions apply. Offer ends September 30, 1991. Cellular One® is a registered trademark of the Cellular One Group.





## Which computer resource can go from consultation to installation in weeks instead of months?

### **Inacomp.**

Each of our consultants has practical experience in one or more industries, as well as constantly-updated computer knowledge.

And they're guided by our standard system configurations—packages that meet the needs of typical businesses in your field.

With that head start, we can quickly design a system to match the specific requirements of your operation.

- **The hardware you need, when you need it.**  
A multi-million dollar inventory and strong relationships with leading manufacturers, ensure that the equipment you need will be delivered and installed on schedule.

- **Nationally recognized user education programs.**  
More than 250,000 users have completed our guaranteed hands-on classes, either in our classrooms or on the job.
- **Service on call or on-site.**  
Whatever level of response you require, our service tracking system ensures we'll dispatch the right manufacturer-certified technician with the right parts at the right time.

- **Local responsiveness backed by national resources.**

Backed by the power of a \$500 million company, Inacomp has devoted the last 7 years to assembling the most comprehensive business systems organization in the midwest. Consultation, selection, training, support... all better than ever and right here in Chicago.



### **IBM® PS/2® MODEL 55 SX**

With an 80386SX™ chip, the Model 55 SX supports all the advanced applications today's 386-based systems do, yet it costs no more than you'd expect to pay for a 286-based machine. And because it's an IBM Personal System/2, it includes Micro Channel® architecture, integrated serial, parallel and mouse ports, a disk controller, and more.

It's time you knew more about Inacomp.

**1-800-333-INAC**

**INACOMP®**  
computer centers

*The link between computer logic and business sense.*



Inacomp and the Inacomp logo are registered trademarks of Inacomp, Inc. ©1991 IBM, Personal System/2, PS/2 and Micro Channel are registered trademarks of International Business Machines Corporation. 386 and 80386SX are trademarks of Intel Corporation.



LESSONS OF LEADERSHIP

# The Ultimate In Ultrasound

By Michael Barrier

*In just eight years, Sam Maslak has built Acuson into an industry leader in medical technology.*

**T**wenty years ago, Samuel Maslak was looking for a subject for his doctoral dissertation in electrical engineering at the Massachusetts Institute of Technology. His wife was pregnant with their second child, and her doctors ordered an examination of the fetus with a relatively new medical technology called ultrasound.

"I know now," Maslak says, "that this was one of the early studies where they suspected intrauterine growth retardation." Ultrasound was being developed then as a tool to diagnose that condition.

Ultrasound is a sort of sonar—it involves sending sound waves into the body, picking up the echoes from organs (or a fetus), and displaying them as images on a monitor. The technology has inherent limitations, however. Because it can't penetrate bone or air, ultrasound can't be used to examine the brain or backbone or lungs. But where the body has raised no insuperable obstacles, ultrasound can give physicians access to organs they could otherwise examine only with hazardous radiation, very expensive magnetic resonance imaging—or a scalpel.

Ultrasound is also, as Maslak says, "inherently real-time"; what you see on an ultrasound machine's screen is what is going on in the body at that moment.

Maslak's daughter turned out to be normal, but the ultrasound exam led to significant activity even so. He recalls that ultrasound technology then was "pretty crude, and that kind of sparked my interest." He had a subject for his dissertation—and, as it turned out, the focus for what has become a phenomenally successful career.

Maslak is now president and chief executive officer of Acuson Corp., a Mountain View, Calif., company that he co-founded 12 years ago; it now has 1,200 employees.

Acuson offered its first product only eight years ago, but it has since grown into a debt-free, publicly held company whose 1991 results, if current trends continue, will encompass sales of more than \$300 million and net income of

more than \$50 million. Its technology is, by wide agreement, the class of an industry that has come a long way since Sam Maslak viewed those crude images in the early '70s.

Ultrasound intrigued him, Maslak recalls, not just because it posed technological challenges but because of "the very clear potential to get back a tremendous amount of information about the body, noninvasively." By plunging into ultrasound, Maslak could do what he had been trained to do—be an engineer—and also enjoy some of the special satisfactions that come only to people in the healing arts.

He began with an intense focus on

medical technology, and he has never given it up. Even though ultrasound has many other potential applications outside medicine—in nondestructive testing, for example—Acuson is not exploring such areas, he says, because "we're trying to measure up to the opportunities we have."

Maslak, who turned 43 in July, grew up in Suitland, Md. After graduating from MIT, he moved to California to work for Hewlett-Packard Corp.—in ultrasound, naturally. His work there resulted in major improvement in Hewlett-Packard's ultrasound system. He wanted to press ahead faster than Hewlett-Packard preferred, Maslak says,



*Maslak—surrounded here by Acuson's ultrasound machines—thinks his company has barely tapped the potential medical applications.*



## LESSONS OF LEADERSHIP

and he left the company in 1978. "I didn't leave with the idea of starting a new company," he says, "although I recognized that was a possibility." He began investigating ultrasound as a technology, as well as the potential market for innovations.

After nine months, Maslak still hadn't decided to start his own company, but "it was clear to me that the best course was to continue independent development, with more help." He and Robert Younge, a former Hewlett-Packard colleague, formed a general partnership in September 1979; the next year, another engineer, Amin Hanafy, joined them.

Most entrepreneurs can't wait to get onto the firing line, but Maslak and his partners took a different approach. For more than two years, Maslak recalls, the three of them "spent a great deal of time thinking about the kinds of contributions we wanted to make." Eventually, they decided that the technology they were developing was distinctive enough that a new company was the appropriate vehicle for bringing it to market.

To keep himself afloat financially during this period, Maslak refinanced his house and did some consulting work on circuit design; clearly, the strains were severe. "I no longer have the same wife," he says. "It was a very stressful situation."

Late in the summer of 1981, Maslak and his partners began approaching venture capitalists, giving Acuson's business plan to four of them. "Fortunately," he says, "everyone who got the full business plan wanted to invest." The partners restricted participation to two funding sources: Karl H. Johannsmeier, himself an entrepreneur, and the firm of Kleiner, Perkins, Caufield & Byers. Both had deep roots in Silicon Valley.

Their choices turned out to be savvy ones. Today, Thomas J. Perkins, a general partner in Kleiner Perkins, serves as Acuson's chairman, and Johannsmeier also sits on the board, as Acuson's largest stockholder. Giving up majority control of Acuson was "really not difficult," Maslak says, because "working with Tom and Karl, we got supporters and advisers."

Beyond that, he says, "we knew from the beginning that in order to be successful, we needed help from many people." And not just from financial backers, but also from technicians, marketing specialists, salespeople, experts in manufacturing—"a wide variety of skills that we didn't have," Maslak says. "We anticipated from the beginning that there would be many people who would share in the success. So there was not this sense that we were giving up control of our baby."

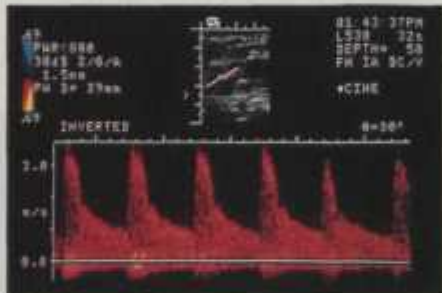
The painstaking preparation that Maslak went through, over a decade



Images of echoes: The heart...



...the pancreas...



...a carotid artery...



...and twins in the womb.

ago, has from all appearances paid off not just technologically but also psychologically, in a company culture that has been from the beginning tailored to rapid growth. Growth necessarily diminishes an entrepreneur's importance to a company, and many entrepreneurs find it hard to acknowledge their diminished role by accepting a manager's responsibilities. Maslak seems to have been prepared to be a manager from the day that Acuson was incorporated in January 1982. "When you're looking at your slice of the pie," he says, "it's more important how big your pie is than what the angle of your slice is."

The pie began expanding almost from the day that Acuson offered its first sys-

tem in 1983—even though that system was priced high for the market. All ultrasound machines are expensive, but Acuson's have always cost more than the rest of the industry's offerings; a top-of-the-line machine will go for more than \$200,000.

The machines come as small carts with monitors at the top, and outlets for transducers, the crystal-based devices (they look a little like electric razors with cords) that are applied to the body and actually transmit and receive the ultrasound. The transducers—and, to a lesser extent, the rest of the unit—differ depending on whether a unit is intended for use by radiologists or cardiologists. Inside the cart itself, Acuson's proprietary software processes the signals and passes them along to the monitor.

Acuson first targeted the radiology market and has now captured more than half of it. It entered the cardiology market only three years ago, and it is steadily gaining market share there. Acuson has just begun to tap the international market.

Acuson has enjoyed two great advantages that have sustained its higher prices: the quality of its products—the high resolution of its images, the design of its specialized transducers for different parts of the body—and the units' "field upgradability." Every unit that Acuson has ever sold can be upgraded, on the customer's site, to the level of the most advanced current model. Acuson recently upgraded the first unit it sold—to a Chicago hospital—and that unit now incorporates such advances as a technology that lets physicians see blood flow, in color, superimposed over the gray-scale cross section of the body that ultrasound ordinarily provides.

That upgradability almost sounds like a recipe for curtailing the sales of new machines, at some point in the future if not now, but Robert J. Gallagher, Acuson's vice president for finance, says that's not the case. As the machines have provided more information, "the base of diagnostic exams to be performed has expanded," and with it the demand for new machines. The more ultrasound can do, the more doctors find for it to do.

Acuson intends to remain a technological leader; the company tries to spend 11 or 12 percent of its revenues annually on research and development. But in the long run, what may give Acuson its special strength is the collegial character that Maslak emphasizes:

"I think the most important lesson I learned, early on, was how much I didn't know about what I was going to do, and how important it was to find people who knew a lot about it, who would also be willing to recognize they relied on other people."



# You're Only 45 Minutes Away From Success.



Executive Seminars in Sound can help you improve your management skills—and your bottom line—fast. Eight audio cassettes deliver practical, proven techniques that you can implement right away.

The 45-minute tapes cover:

1. How To Get Your Ideas Across
2. Your Role as a Decision Maker
3. Better Management of People
4. Mastering the Art of Delegating
5. Making the Most of Your Time
6. Organizing Your Plans and Planning Your Organization
7. Strategies of Moving Ahead
8. How to Live with Your Own Success

Listen in your car, at the office, at home or in your hotel room with convenient tapes in a compact binder. Then inspire your employees, control your schedule and prepare to enjoy your success.

You'll profit for a lifetime from a \$95 investment in Executive Seminars in Sound. If you're not convinced these tapes will make your life easier, just return them within 15 days for a full refund. Order your set today.



## Try it for 15 days FREE

**Guarantee:** Send me "Executive Seminars in Sound." If not thoroughly satisfied, I can return it for a full refund.

☐ Check enclosed for \$95. Please include \$3.00 for shipping and handling.  
☐ Bill my credit card: ☐ AE ☐ VISA ☐ MC

Card No. \_\_\_\_\_ Exp. Date \_\_\_\_\_

Signature \_\_\_\_\_ Title \_\_\_\_\_

Name \_\_\_\_\_ Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

No P.O. Boxes—UPS Shipments Only

Nation's Business Executive Seminars Division, 1615 H Street, NW, Washington, D.C. 20002  
 California and D.C. residents, add sales tax.

**Call Toll Free 1-800-321-4949**

Circle No. 13 on Reader Service Card.

NB0991



## REGULATION

# A Criminal Trap For Businesses

By Ripley Hotch



PHOTO: ORNL ETTERS

**OSHA's Scannell:** *Trying to be fair.*

**M**ore than half the individuals convicted for environmental crimes in fiscal year 1990 were given prison sentences; about 85 percent of those serve their time. Prison time is averaging in excess of one year.

Although the U.S. Environmental Protection Agency makes that claim as an achievement, the numbers signal a disturbing trend. In an increasing number of cases, violations of federal regulations are being reclassified as crimes for which company owners and managers can be arrested and tried in the criminal courts.

And, because companies themselves cannot be put in prison, legislators have sharply increased financial penalties for such violations.

Much of the criminalization drive is in environmental, job-safety, and government contracting. The regulators generally assume they are acting with public backing. "In today's environment, there are new expectations of the American public that we have a responsibility to prosecute environmental crimes to the fullest extent possible," says a spokesperson for the U.S. Justice Department.

Indeed, a recent survey by the Opinion Research Corp. found that 84 percent of Americans believe that damaging the environment is a serious crime, and 74 percent put worker-safety and health

*Jane Easter Bahl, who writes frequently for Nation's Business on business law, contributed to this report.*



PHOTO: CAMERON DAVISON-FOLIO, INC.

**EPA involved** a Houston shipping company in a long, costly defense.

violations in the same category.

The business response is not aimed at avoiding criminal responsibility in all cases but in pointing out the massive legal complications and pitfalls in shifting from civil to criminal charges. (For some of the major federal laws involved, see the box on Page 58.)

Says the U.S. Chamber of Commerce: "The recent move toward criminal penalties poses a number of problems for business and corporate officials whose behavior is regulated under these provisions. One immediate concern is that the

criminal sanctions have been directed at conduct that is vaguely defined and, consequently, difficult to avoid."

Acting on that concern, the business organization has formed the Task Force on Criminalization to "assess the emerging use of criminal sanctions in regulatory regimes and to evaluate the attendant problems. . . . In addition to examining the impact of criminalization, a goal of the task force is to develop a plan of action for the business community so that future legislative and regulatory proposals do not result in unfair or unwarranted criminal

## An Ounce Of Prevention

What can you do to prevent your company from being indicted for a criminal violation of regulations issued by the Occupational Safety and Health Administration or the Environmental Protection Agency? Experts suggest that you can operate defensively by taking these actions:

- To hold down OSHA violations, institute safety programs, which can include classes, manuals, and safety coordinators.

- Have an engineering consultant look at any machinery or process that could lead to repetitive-motion injuries, which are expected to be the next big area of OSHA concern. You can also call the OSHA consultation group in your state.

- Order an environmental audit of any contemplated purchase of property.

- Run audits of your operations, although you should be aware that these can also give investigators evidence to use against you. A good-faith effort to correct problems will help if a case is brought.

- Institute internal controls and information, including special compliance programs, whether mandated by law or voluntary.

- Monitor and test any program or equipment that is suspect; it is cheaper to spend \$10,000 for a monitor on a storage tank than to pay hundreds of thousands of dollars to clean up a spill.



nalization of corporate conduct with associated penalties."

Many companies have found themselves in long, costly defenses against criminal charges brought by federal regulators. One is Baytank, Inc., a Houston shipping company that transports and stores chemicals. The Environmental Protection Agency began an investigation at Baytank six years ago, and indictments returned two years later on criminal charges have yet to be fully resolved.

Environmental regulators obtained a 37-count indictment against the company, President Havar Nordberg and four other employees, Baytank's Norwegian parent company, and 14 officers of its ships. The indictments alleged violations of various environmental laws on storage and disposal of chemicals and waste water.

After trials and appeals, the company has been convicted on two felony counts for storing hazardous material in a drum and in a storage tank beyond the 90-day limit set by law. Evidence introduced showed that the material—water that had been used to rinse loading areas—contained 0.002 percent of chemicals not further identified.

Charges against 16 of the original 19 defendants have been dismissed. The remaining three defendants initially were found guilty of charges connected to the storage of material beyond the 90-day limit, but an appeals court has ordered a new trial for them.

Nordberg says the company is 10 to 15 years ahead of safety regulations and had spent upwards of \$10 million on environmental safeguards in the four years preceding the charges. "I do believe we have a system that's much above the standards of containment systems in the U.S. today," he says.

And what were the hazardous materials that subjected Baytank to criminal charges? While the government alleged the presence of hazardous materials in the containers, it "hasn't produced any samples to this day," says Walter James of the Dallas law firm of Winstead, Sechrest & Minick, which represents the company. "Nobody really knows."

James notes government testimony that "if you put the contents of one eyedropper of hazardous waste into the ocean, the entire ocean then becomes hazardous waste under the law."

He says of the increasing criminalization of regulatory violations: "When you start talking felonies and putting people in jail for long periods of time and calling it public welfare and start doing away

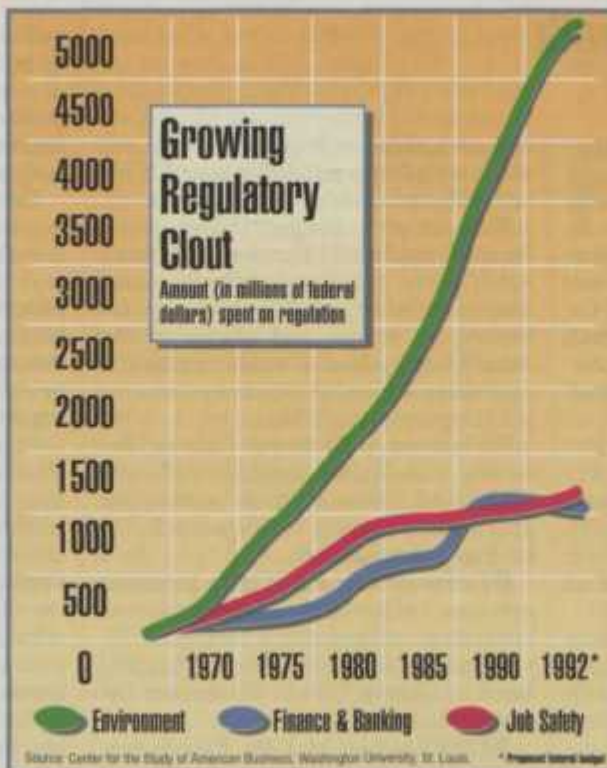
with proving specific criminal elements, that's where we feel that these things have kind of gone haywire." That's particularly true, he adds, "when you get into a regulatory scheme where nobody can read the damn thing."

**T**he Justice Department steadfastly insists that criminal penalties get the attention of corporate bad apples, and that efforts to achieve compliance were unsuccessful before heavy penalties were included in these laws. The department brags about achieving a 95 percent conviction rate on the 134 indictments it obtained last year under environmental regulations.

Moreover, the pace of environmental indictments is increasing. While the Environmental Crimes Section of the Justice Department was formed only eight years ago, one-third of its indictments were secured in the past two years.

The trend is gaining force in the '90s. In the past 10 years, 25 federal statutes relating to environmental protection have been created. In the last session of Congress, 450 environmental bills were introduced, with most calling for increased regulation. By the end of 1992, the Environmental Protection Agency will have increased its current force of 55 criminal investigators to 200.

One aspect of the crimes section that concerns business is its status as a profit center for the Justice Department. "The section more than pays for itself," says Attorney General Richard Thornburgh. "It returns over two dollars in fines and restitution for every criminal-enforcement dollar spent."



In the job-safety area, strong efforts continue in Congress to extend the criminal liability of companies and executives who violate the Occupational Safety and Health Act. This drive follows the elevation of some offenses from misdemeanor to felony and a sharp increase in the amount of fines—from \$10,000 per violation to \$70,000.

Gerald F. Scannell, the assistant secretary of labor for occupational safety and health, offers a conciliatory note in the debate by noting that "we have been very successful in getting abatement voluntarily." And, he says, the recent upgrading of violations and increases in fines work in favor of slower increases along those lines pending experience with the most recent changes.

"Let's see the impact of all this first," he says.

Scannell is concerned particularly about the perception of his agency's role among small businesses: "They have no need to fear OSHA if they're running a good, clean operation." He points out that there are OSHA—Occupational Safety and Health Administration—consultation groups in every state, ready to help small businesses analyze what they need to do to provide a safe workplace, without looking for petty violations.

But no matter how moderate agency chiefs may be, among politicians, the corporation has become "a very easy target" for bashing, says Los Angeles attorney Malcolm Wheeler, who specializes in defending corporate clients in product-liability cases.

Wheeler notes that in the past 75 to 100 years, not only have civil deterrents to corporate misconduct grown, but now criminal penalties are being piled on. "It's as if people are saying, 'Let's bring every single force available to bear on these corporations,'" he says.

Legislation pending in Congress would create a special section in the Justice Department to prosecute criminal charges stemming from the Occupational Safety and Health Act. In support of the measure, the Labor Department told Congress: "An inordinate reliance on civil and administrative remedies does not promote deterrence. There is a visible odium that accrues to being indicted, convicted, and jailed."

The Senate Labor and Human Resources Committee has approved legislation that would increase to 10 years from six months the maximum sentence for willful OSHA violations that result in the death of a worker. A new criminal sanction would be added to the law for any



## Laws With Sharp Teeth

Recently developed "responsible corporate officer" doctrine means that an executive who knew about a toxic-waste violation and did nothing to stop it can be held personally responsible for criminal violations. Such personal liability can mean prison terms and large fines for executives. Corporations may admit guilt and fire executives to avoid lawsuits. Here are the major laws that have given impetus to the criminalization trend:

- **Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA—known as "Superfund").** Made it a crime for any person "in charge of a facility" to fail to report to the appropriate federal agency the release of a hazardous substance.

- **Resource Conservation and Recovery Act (RCRA).** Provides for complete regulation of all hazardous wastes. Criminal sanctions include fines up to \$1 million and prison terms up to 15 years.

- **False Claims Amendments Act of 1986.** Allows private citizens to file civil suits on behalf of the U.S. and to share in any recovery from those convicted. Use of the law is spreading fast. Once focused on

defense-contractor fraud, suits now also allege such things as falsification of Medicare bills and environmental permits.

- **Bankruptcy Judges, United States Trustee, and Family Farmer Bankruptcy Act of 1986.** Contributed to the increased awareness of criminal prosecution for bankruptcy crimes and abuses of the bankruptcy system. Notable increase in criminal prosecution of attorneys involved in the bankruptcy process.

- **Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).** Fines up to \$1 million and prison sentences up to 20 years for 10 banking-related crimes.

- **Crime Control Act of 1990.** Increases penalties for certain bank-fraud and embezzlement offenses to a maximum 30-year prison term. Creates a Financial Services Crimes Unit in the Justice Department.

- **Clean Air Act of 1990.** Fifteen-year prison terms for polluting.

- **Budget Reconciliation Act of 1990.** Raised penalties for violations of the Occupational Safety and Health Act from \$10,000 per violation to \$70,000.

## REGULATION

willful violation that causes "serious bodily injury" to any employee if that injury is accompanied by substantial risk of death, protracted unconsciousness, obvious disfigurement, or impairment of or loss of a body member, organ, or mental faculty.

Marvin Pickholz, chair of the Criminal Laws Committee of the American Bar Association Section on Business Law, says that such provisions are more complex than they might appear. He speculates that if an employee working around chemicals fainted and "a prosecutor wants to run with it, he can make it a bodily-injury case."

In practice, Pickholz says, statutes that allow criminal penalties against corporations and their officers are open to abuse reminiscent of suits filed under RICO—the Racketeer Influenced and Corrupt Organizations Act. While that law was, as its title indicates, aimed at organized crime, its provisions have provided shortcuts for actions against legitimate businesses.

Similarly, ambitious prosecutors can use broad interpretations of regulatory laws carrying criminal sanctions to put innocent corporations out of business and their officers in jail. "If Congress wants to criminalize something," Pickholz says, "it should be very specific."

For the most part, business people do not object to the idea of such criminal penalties. Even Baytank's Nordberg agrees: "As a principle, I think it's necessary to increase the severity of penalties. I don't think the government can fulfill its responsibility to the public without criminal sanctions."

"There's going to be greater accountability," says Walter S. Rowland, assistant general counsel of Hercules, Inc., and chairman of the U.S. Chamber of Commerce Task Force on Criminalization. "But our problem is how to make it fairer."

Even if the intention is good, say lawyers close to the issues, the cure can bring serious damage to traditional values of due process. Criminalizing behavior is "rightly intended, but wrongly executed," Pickholz says. It is, he says, like the president's war on drugs. Because everyone wants to clear the streets of drugs and organized crime, Congress passes laws permitting forfeitures, seizure of assets, and penalties of three times the amount gained by illegal activity.

Once those laws are on the books, however, they can be—and have been—applied more broadly. "Once a court rules it constitutional, it's constitutional for everyone," Pickholz says.

These new laws often are written loosely, and they may leave much open to interpretation. It is usually up to a U.S. attorney's office to decide whether to

**Management Recruiters.**  
No excuses, no alibis.  
Just maximum  
recruiting  
performance.

Performance, not promises, from the largest recruiting firm in the world. Our contingency fee structure assures your satisfaction. Look in the white pages for the office nearest you.

**MR MANAGEMENT RECRUITERS**  
The search and recruiting specialists. 70  
over 400 offices in the U.S. and Canada.



prosecute a company for a crime, and the standards can vary from jurisdiction to jurisdiction.

"There is a difference between willful criminal behavior and mere carelessness," says Tyler Wilson, administrative attorney in the Legal and Regulatory Affairs Department of the U.S. Chamber of Commerce. "We should not be sweeping them up with the same broom."

Malcolm Wheeler, the Los Angeles personal-injury attorney, says that business will struggle under the weight of criminalization laws until people realize that such laws are excessive. Foreign competitors don't face the same obstacles. Says Wheeler: "Things have to change, or we'll drive American business under."

One of the harshest assaults on the concept of corporate criminal liability comes from Milton Eisenberg, a Washington, D.C., attorney, in a white paper prepared for the National Legal Center for the Public Interest:

"An army of government prosecutors, special agents, and investigators is waging all-out war against corporate America. The criminal law has become one of the primary weapons in this war. An adoring press applauds every government conquest while Congress pursues its own take-no-prisoners tactics.

"No corporation in an encounter with

these forces can avoid the dreadful feeling that its survival is at stake."

Eisenberg points out the problems that can arise in the government-contracting area. He cites a representative example of a company that enforces a comprehensive code of ethics, maintains a hot line to receive confidential reports of suspected code violations and investigates them thoroughly, and provides for severe disciplinary action, including termination, for code violations.

But the company in his example, Eisenberg says, can find itself "branded a corporate criminal." The company is vulnerable to criminal charges for each successive incident in which one of tens of thousands of employees falsifies a time card, two or more employees agree to falsify time cards, the cards are used to support a claim for a government payment, and the claim is mailed.

Company efforts to prevent such conduct, employee concealment of such conduct from senior management, and company cooperation with government investigators are all irrelevant, Eisenberg says. He adds that financial penalties do not stop with a company: "The burden eventually is passed on in the form of higher prices to the purchasers or consumers of the corporation's products and services. In these circumstances, the ef-

fect of the present rules of corporate criminal liability is to punish the consuming public."

For the time being, experts say, a good defense is essential to avoiding damaging prosecutions. (See the box on Page 56.) Business groups such as the Chamber's Task Force on Criminalization are searching for means to achieve a reasonable balance of public concerns and the need to be competitive.

Some companies are turning a profit by finding safer or environmentally sound alternative production methods or products. And some agencies are putting forward innovative positive incentives, like the Environmental Protection Agency's grant program—up to \$25,000 to a small business to develop new ideas for reducing pollution at the source.

In the long run, says Kevin Gaynor, a Washington attorney specializing in environmental crime, lawmakers must understand that laws should apply to everyone and be uniformly enforced: "Even the staunchest advocate of criminal enforcement of environmental laws can have no principled objection to a policy that encourages uniform enforcement."



To order reprints of this article, see Page 75.

# ATTRACT A LITTLE ATTENTION

## PROFESSIONAL DISPLAYS

Just like the Gumball machine . . . every penny you put in . . . you get your money's worth!!!

- Unconditional lifetime warranty
- Sets up in minutes
- Ships Via Airlines, UPS, Fed-Ex
- Complete Graphic Capabilities
- World Wide Distribution

For: Trade Shows, Seminars, Media, Recruiting & Lobby Displays.

Available in: Table Top, Full Size and Modular Pop-Up Displays.

All to fit your growing needs!!

Feel confident that your investment will help your company profit!!

180-9-91

NAME \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_

STATE \_\_\_\_\_

ZIP \_\_\_\_\_

PHONE \_\_\_\_\_

**PROFESSIONAL  
DISPLAYS, INC.**

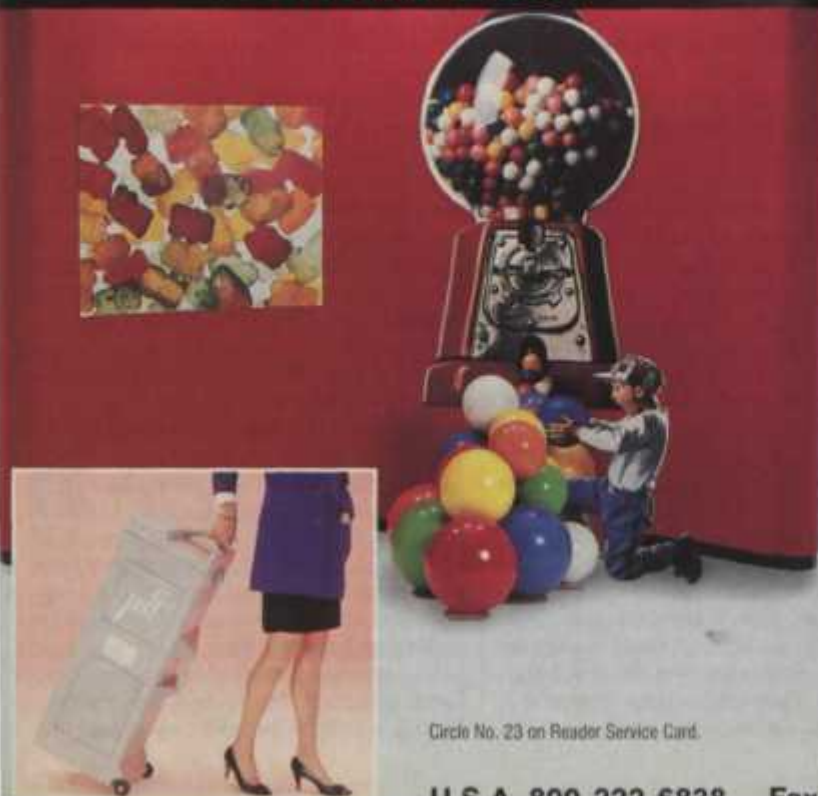
Take a PRO to your next show.

746 Arrowgrand Circle, Covina, CA 91722

For free information, call today or complete coupon and mail.

Circle No. 23 on Reader Service Card.

U.S.A. 800-222-6838 Fax # 818-966-4067 In Canada (416) 291-2932





## INTERNATIONAL TRADE

# Free Trade Across The Rio Grande

By Albert G. Holzinger

**A**rvin Industries, Inc., has 150 large-as-life reasons why the U.S. ought to enter into a free-trade agreement with Mexico along the lines of the 2-year-old U.S.-Canadian free-trade pact, thus creating a North American Free Trade Agreement (NAFTA).

Arvin, an automotive-parts manufacturing company based in Columbus, Ind., strives to make at least some of its product line, which includes everything from exhaust and suspension systems to tire valves, "in places where its customers are," says William Kendall, a vice president.

Consequently, over the past several years Arvin has built or bought three plants in Mexico, which has a thriving automobile-assembly industry.

Those three plants' 480 employees, all of whom are Mexican, churn out about \$24 million worth of Arvin products each year, and almost all are sold locally. Arvin supplements this production each year with about \$15 million worth of exports to Mexico from the company's U.S.-based facilities.

Arvin's 150 reasons for advocating free trade throughout the continent are the 150 U.S. employees who owe their jobs to exports to Mexico, says James K. Baker, chairman and chief executive officer.

Extending the U.S.-Canada free-trade deal to Mexico would represent "an opportunity to increase [U.S.-Mexican trade] severalfold within a few years, thereby expanding employment and prosperity . . . and better equipping the nations to compete globally," Baker recently testified before the Senate Finance Committee. "The removal of remaining tariff and nontariff barriers to trade and investment under a free-trade agreement will increase business opportunities on both sides of the Rio Grande," he said.

But you don't have to be a company as big as Arvin, doing \$1-billion-plus in business a year, to root for the U.S., Mexican, and Canadian officials who recently met in Toronto and Seattle to begin negotiating a free-trade deal. The agreement they draft would be submitted to their respective legislatures, possibly by year's end. "It is not well understood that among the potential beneficiaries [of NAFTA] is American

small business," says Jeanine Hettinga, president and chief executive officer of Hettinga Equipment, Inc., in Des Moines, Iowa.

Hettinga, whose firm is a small, high-technology manufacturer of metal products, told the House Ways and Means Committee: "In the short term, few small firms will seek to invest in Mexico because they cannot afford the same

*The proposed free-trade pact with Mexico would be a plus for small U.S. companies, particularly as suppliers and contractors.*

Strait of Magellan near the tip of South America.

In fact, free trade of that scope is the ultimate goal of President Bush's Enterprise for the Americas Initiative. That initiative, announced in June 1990, is a mix of investment, trade, and debt-relief incentives to encourage other Latin American countries to follow the lead of President Carlos Salinas de Gortari of



**A Mexican employee of a U.S. firm, Arvin Industries, provides living proof that free trade yields economic benefits on both sides of the Rio Grande.**

level of risk as large corporations. However, in their role as suppliers and subcontractors to larger companies that move into Mexico, small firms certainly will benefit."

The free-trade zone under discussion would be the world's largest: about 370 million people producing more than \$6 trillion a year in goods and services. In comparison, the 12-nation European trading bloc being formed now to begin functioning in 1993 will feature about 325 million consumers and about \$4.8 trillion of aggregate annual gross national product.

Moreover, the proposed trilateral North American arrangement is seen by many as a first step toward establishment of a free-trade zone stretching from Point Barrow in Alaska to the

Mexico in adopting free-market policies.

Canada and Mexico already are the United States' largest and third-largest export markets (Japan is the second-largest), with volumes of about \$84 billion and \$28.5 billion, respectively. In addition, Canada's exports to Mexico total about \$350 million a year, and Mexico's exports to Canada are roughly \$1.4 billion.

Since the bilateral free-trade agreement took effect Jan. 1, 1989, U.S. exports to Canada have risen almost 20 percent. And in the five years since Salinas began liberalizing his nation's then-tightly controlled economy, U.S. exports to Mexico have doubled.

Under the remarkable economic-reform program instituted by Salinas, Mexico's federal budget deficit has fall-



en from about 16 percent of gross national product to 4.3 percent, and inflation has fallen from above 160 percent to about 30 percent.

In addition, more than 25 sectors of the Mexican economy have been deregulated, and some 600 state-owned plants have been privatized.

With North American trade booming even during recessions in the U.S. and Canada, some in the U.S. question whether striving for NAFTA is worth the time and effort and the potential risk associated with trying to "fix" a system that obviously is not broken.

These doubters cite the conclusions of several general studies, notably one conducted by the U.S. International Trade Commission. The studies analyzed the potential effects of a free-trade agreement on the overall U.S. economy, on

effort to extend free trade to Mexico generally base their opposition not on macroeconomic grounds but on the belief that such free-trade expansion would adversely affect their constituencies.

Leading these groups are labor unions, which believe that many American jobs ultimately would disappear to Mexico, where the average wage industrywide is \$2.20 an hour.

Responding to that concern, Baker of Arvin Industries says: "If wage costs were the principal determinant of business success, then Haiti would be an industrial powerhouse. Other factors, such as skill and education level of the workers, their productivity, the available infrastructure, ease of getting inputs to a plant site, and the ease of operating in a different culture, are also

final language of the trade agreement.

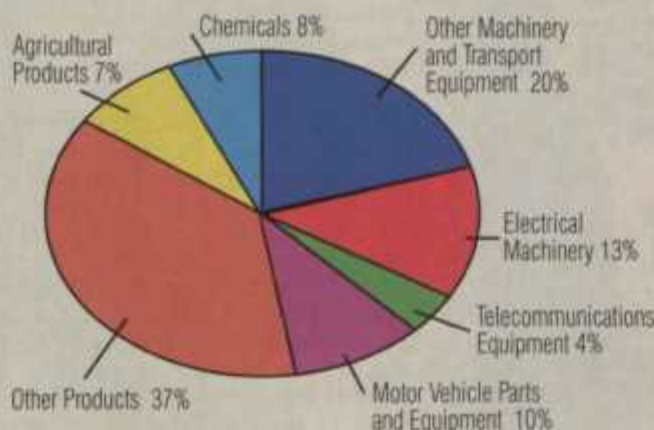
Shortly before the votes, opponents outnumbered supporters by about 6-to-4 in the House, according to a count made by the U.S. Chamber of Commerce. The Senate margin was only slightly narrower, says Willard A. Workman, the Chamber's staff representative to its International Policy Committee, a strong supporter of free trade.

In fact, Workman notes, an all-out lobbying campaign by the Chamber—utilizing its forces in Washington, its regional office staffs, and business members of its 50 state affiliates plus 583 local chambers "with demonstrated interest in international trade"—was instrumental in turning around the votes on fast track.

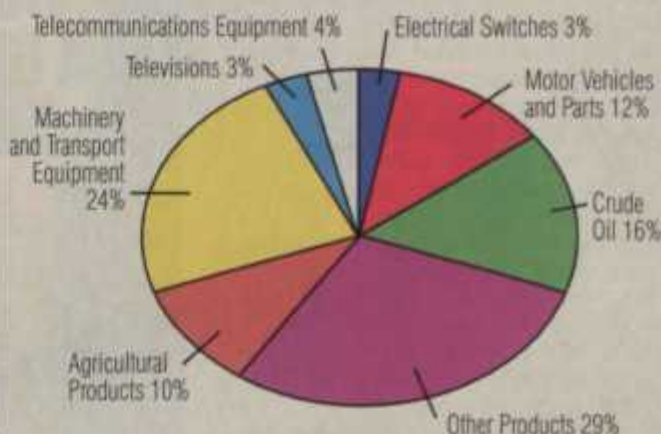
Heated debate on the economic impact of the free-trade talks is apt to

## U.S. Trade With Mexico, 1990

U.S. Exports: \$28.4 Billion



U.S. Imports: \$30.8 Billion



Source: U.S. Government

selected U.S. industries, and on the living standards of individual households.

Although the studies concluded that the overall trade impact of NAFTA could be small, their computer-based macroeconomic models could not take into account all of the variables that could prompt businesses to expand their trade activities or their foreign investments if a free-trade pact were in place.

**H**owever, the studies did conclude that a number of U.S. industries would benefit somewhat from the proposed trade arrangement. Those industries would be in the categories of automobiles and auto parts, machinery and other capital goods, optical instruments, transportation equipment, iron and steel, utilities, food products, business services, communications, and finance and insurance.

Those in the U.S. most critical of the

considered when deciding on a plant location."

Other groups opposed to such a free-trade pact include environmentalists, who express fear that increased industrial activity in Mexico—where pollution-control standards are not as strict as those in the U.S.—would result in air and water degradation. Also against the proposed arrangement are some farm and manufacturing groups, whose constituents fear they could not compete with Mexican companies that have access to an abundance of lower-cost labor.

Such opposition groups' determination and political clout were spotlighted before the House and the Senate took procedural votes that had to precede the start of the free-trade negotiations. The votes had to do with granting the administration authority to negotiate under "fast-track" rules, which allow only an up-or-down vote by Congress on the

continue throughout the negotiations, which are under way in the general areas of market access; trade, services, and investment rules; intellectual-property protection; and dispute settlement.

**L**ess contentious than the economic debate is the geopolitical advisability of pursuing a trade arrangement for the whole continent. Robert B. Zoelnick, counselor of the U.S. Department of State, explains: "Economic policy is and must become an increasingly critical component of the United States' foreign-policy strategy. And that is why this free-trade agreement is so important. It is a rare strategic opportunity to secure, strengthen, and develop our continental base economically and politically in a way that will promote America's foreign-policy agenda, our economic strength and leadership, and U.S. global influence."



# Protecting Your Ideas

By Tony Husch and Linda Foust

**W**hen people think of protection, they usually want to know how to safeguard their own rights. But others have patents, trademarks, copyrights, trade secrets, and other rights that you must be careful not to infringe in asserting your own interests.

As you explore the question of legal protections, you will find that they not only help you, they may also restrain you.

Let's say, for example, that you have come up with a great marketing idea—using the song "The Great Pretender" to promote an invention that you call "The Great Pet Tender." Do you need permission from The Platters or whoever currently owns the copyright to the song? Can you use a modified version without getting permission? Can you be sued? What are the chances of winning? How much might you have to pay?

It is best to get answers to those questions early [from the copyright holder, a copyright lawyer, or the U.S. Copyright Office], and avoid risking time, money, or adverse publicity.

On the other hand, say you developed a product whose success depends on the novelty of the instructions. Should you try to copyright the directions? How effective is the protection?

As with patents, a lawsuit is necessary to enforce your rights against an infringer. Unlike patents, copyrights are quick and inexpensive to obtain.

Copyrighting something will discourage copying, so it is worth the minimal effort it takes. It can be done easily without an attorney. No search is necessary to determine whether the work is similar to existing copyrighted material.

Not everything can be copyrighted. The law protects "original works of authorship" fixed in tangible form. Those especially relevant for new-product development include:

- Labels
- Instruction manuals
- Photographs
- Computer software
- Books
- Graphic designs
- Written promotional material
- Sound recordings
- Product summaries
- Presentations
- Market analyses



Names, familiar symbols, slogans, short phrases, methods, systems, and some other types of subject matter cannot be copyrighted. Standard items such as calendars and rulers with no original authorship are not copyrightable.

A copyright grants the exclusive right to reproduce, revise, distribute, display, or sell the material.

Ideas are not protected. Only the precise way in which an idea is expressed can be copyrighted. Mere ownership of, say, an original painting does not give one the right to copy it to make greeting cards. The owner of the painting can sell it but cannot reproduce the images in it without the copyright owner's permission.

Likewise, a written description of a machine can be copyrighted. This would prevent others from copying the description, but nothing can keep them from describing the same idea in their own words. Nor would it prevent them from

*Copyrights are not for writers only. If you develop new products, this safeguard may help you.*

making, using, or selling the machine itself. Only a patent would accomplish that.

Every work is automatically copyrighted when it is created, or put into fixed form. However, to preserve the right, all published copies must carry in an obvious place all of the following elements of a copyright notice:

- A copyright symbol "©," the word "Copyright," or the abbreviation "Copr."
- The year of first publication.
- The author's name or a recognizable abbreviation.

If a work is "published" without any of these elements, the copyright protection is usually lost forever. The concept of publication does not require formal typesetting and printing. Rather, it has to do with dissemination of the work to other people.

It is best to use the copyright notice from the outset so there will never be a question of whether a work was published without it.

For a nominal fee, you can register the copyright with the Register of Copyrights. Different types of "writing" are treated somewhat differently and require the use of different application forms. Although registration is normally not required for valid protection, it does give notice of the claim and confer certain advantages in infringement suits.

In general, for works created after Jan. 1, 1978, when a new law went into effect, the copyright lasts for the life of the author, plus 50 years. The duration of protection for other works depends on the date of their original copyright.

These matters are explained in Circular 1, called *Copyright Basics*, and Circular 15a, *Duration of Copyright*, available from the Copyright Office, Library of Congress, Washington, D.C. 20559; (202) 707-9100.

There is no international copyright protection, but the United States is a member of the Universal Copyright Convention, which provides protection to nationals of member countries if certain formalities are met.

For details about foreign protection, write the Copyright Office for Circular 38a.

Obtaining a copyright is quick and easy. Since it costs so little in time and money, it is foolish not to preserve a copyright whenever applicable.

*"Protecting Your Ideas" reprinted from That's A Great Idea!® 1986 by Tony Husch and Linda Foust, with permission from Ten Speed Press, P.O. Box 7123, Berkeley, Calif. 94707. Tony Husch, an entrepreneur in Mendocino County, Calif., owns a winery and distributes Good Karma candy. As a student at Harvard, he co-founded a computer dating service. Linda Foust is a California lawyer, publisher, and poet.*



# 1-800-AWARD-92

Call today for more information about The Blue Chip Enterprise Initiative™ sponsored by Connecticut Mutual Life Insurance Company, the U.S. Chamber of Commerce, and NATION'S BUSINESS.

We seek to recognize and learn from those small businesses that are overcoming challenges and creatively realizing opportunities through the innovative use of resources. By sharing the ideas they have developed, we hope to make all of America's small companies more competitive.

Enter your company, or nominate a firm you know well. Tell us about the challenges you've faced and the ways you've found to meet them.

Any for-profit company with 5 to 300 employees and at least three years of continuous operation is eligible. Call 1-800-AWARD-92 today.

**Connecticut  
Mutual**  
The Blue Chip Company



**Nation'sBusiness**  
The Small Business Adviser

Circle No. 14 on Reader Service Card



# Direct Line

Experts answer our readers' questions about starting and running their businesses.

By Meg Whittemore

## TRAVEL SERVICES

### For Smoother Takeoffs

I would like to develop an informational service business to help air travelers better plan their trips. Where could I find information on airport congestion and its causes?

W.H.B., Richmond Hill, N.Y.

Developments in aviation traffic control are described in *The Aviation System Capacity Plan*, a free publication issued annually by the Federal Aviation Administration.

The FAA's goals in reducing congestion and the methods adopted by some airports around the country to alleviate such problems are spelled out in the publication. It also includes definitions of aviation terms, a list of the most con-

grams may be operating around your community, and coordinate with them," says Andrea Sussman, communications director of the National Recycling Coalition, Inc.

The coalition maintains a list of 25 state recycling organizations and offers a free fact sheet on starting a recycling program. To receive copies of the fact sheet and the list of organizations, send a written request to the coalition at 1101 30th St., N.W., Suite 305, Washington, D.C. 20007.

Information on starting a recycling program and reducing waste in the office is available in *BUY RECYCLED! Your Practical Guide to the Environmentally Responsible Office*. To order a copy of the 56-page guide, send a check or money order for \$7.95 to the Services Marketing Group, 8 S. Michigan Ave., Suite 2500, Chicago, Ill. 60603; (312) 332-0688. Bulk discounts are available.

## RETAILING

### Unfinished Business

What does it take to start an unfinished-furniture store?

G.K.M., Erie, Pa.

Sandy Soellner, director of member services with the Unfinished Furniture Manufacturers Association, can give you the names and addresses of manufacturers of certain products typically offered in a retail unfinished-furniture store. Such items include wood accessories, paint, stain, finishes, and so-called case goods—bedroom furniture, dining tables, and living-room pieces.

The association also offers a free directory of exhibitors at its annual trade show. You can contact them for more information.

To obtain copies of the list and the directory, write to Sandy Soellner at the Unfinished Furniture Manufacturers Association, 36 South State St., No. 1806, Chicago, Ill. 60603.

### Paper Works

Could you give me some information on how to sell my stationery designs through card shops?

P.P., Gretna, La.

retailing through card shops are available—some at no charge—from the Greeting Card Association. For more information, contact the association at 1350 New York Ave., N.W., Suite 615, Washington, D.C. 20005; (202) 393-1778.

### Where There's A Wheel...

I need information on starting a small bicycle shop.

E.L., Panama City Beach, Fla.

Fred Clements, associate executive director of the National Bicycle Dealers Association, says those who want to turn their biking hobby into a business should be cautious. "Running a bike shop really means running a small retailing business," he says. "The competition is stiff, and the profit margins are usually fairly low." The association offers several pamphlets on start-up, including *So You Want to Start a Bike Shop*, which describes the industry and lists contacts for more information.

To talk with Clements or to request copies of the pamphlets, write or call the National Bicycle Dealers Association, 129 Cabrillo St., No. 201, Costa Mesa, Calif. 92627; (714) 722-6909.

Another good source on the subject is the *Interbike Directory*, published by Primedia, Inc. This standard reference guide for the bicycle-shop industry lists more than 1,300 suppliers and sets forth what is needed to get started in the business. The 1992 edition will be available in December 1991 (the 1991 edition is sold out).

For price information, contact Primedia, Inc., 129 Cabrillo St., Suite 201, Costa Mesa, Calif. 92627; (714) 722-0990.



ILLUSTRATIONS: DAVID ALLEN

gested U.S. airports, and a description of the FAA's overall mission.

To request a copy of *The Aviation System Capacity Plan*, or to obtain more information on measures that various airports have introduced to alleviate problems of traffic congestion, you can write or call the FAA's Office of System Capacity and Requirements, 800 Independence Ave., S.W., Washington, D.C. 20591; (202) 267-8789.

## RECYCLING

### Back To Basics

I'm interested in recycling as a business. What are the best sources of advice?

M.H., Vicksburg, Miss.

(Similar questions from R.H., New York City, and B.S., Los Angeles.)

"First, see what other recycling pro-

Helpful materials and publications on





## MAIL ORDER

### Fun And Games

I am planning to start a mail-order business for toys. Where do I begin?  
M.K.F., Fayetteville, Ga.

The Toy Wholesalers Association of America can send you at no cost a mem-



bership list and articles on the wholesaling of manufactured goods. The association also offers a customized list of wholesalers, arranged geographically and by product. The charge for this service is \$30, payable by check.

To receive a list, contact the Toy

Wholesalers Association of America, describing the kinds of toys you will carry, where you will operate, and any other pertinent information. Write or call the association at 2 Greentree Center, Suite 225, P.O. Box 955, Maritton, N.J. 08053; (609) 985-2878.

The Toy Manufacturers of America will sell you a directory of more than 13,000 toy manufacturers for \$22.50 (check or money order). Contact the organization at 200 Fifth Ave., New York, N.Y. 10010; (212) 675-1141.

For information on the mail-order business, write or call the Direct Marketing Association, which conducts 22 conferences and seminars nationwide on starting and growing a direct-mail company. The association is at 6 East 43rd St., New York, N.Y. 10017; (212) 768-7277.

## FRANCHISING

### Food Facts

I would like information on franchising, including how to contact Mister Donut and Steak-n-Shake, two of the big franchisors.

D.V.E., Waco, Texas

In March 1990, Mister Donut of America, Inc. was acquired by Dunkin' Donuts

of America, Inc., which handles all questions concerning Mister Donut. Write or call Mister Donut of America, Inc., c/o Dunkin' Donuts, P.O. Box 317, Randolph, Mass. 02368; (617) 961-4000.

For information on Steak-n-Shake, write or call the company's marketing department at 1550 S. Glenstone, Springfield, Mo. 65804; (417) 887-0906.

There are several good sources of general information about franchising. The International Franchise Association offers a free list of publications and seminars. Contact the organization at 1350 New York Ave., N.W., Suite 900, Washington, D.C. 20005; (202) 628-8000.

## HOW TO ASK

Have a business-related question? Send your typewritten query to Direct Line, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062. Writers will be identified only by initials and city. Questions may be edited for space.

The editors of Direct Line have developed *The Small Business Resource Guide*, which contains answers to the questions we are asked most frequently. The booklet is now available for \$5.95 a copy (plus \$1 for handling). To order, send a check or money order to the Circulation Department of *Nation's Business* at the address above.

From the editors of Direct Line

# The Small Business Resource Guide

What You Need To Know About Starting And Running Your Business

New  
1991 Edition

Nation's Business brings you answers to the most frequently asked questions from Direct Line, the popular advice column for small-business owners. The guide contains useful advice about: ♦ setting up a business ♦ marketing ♦ retailing ♦ exporting ♦ franchising ♦ trademarks and copyrights ♦ patents ♦ financial planning ♦ managing people ♦ and much, much more.

Nation's Business' **The Small Business Resource Guide** is a must for owners of new and existing businesses in the 1990s. Available for only \$5.95 + \$1.00 for shipping and handling. Orders must be prepaid. Write to: Nation's Business, Circulation Department, 1615 H Street, N.W., Washington, D.C. 20062.

From the editors  
of Direct Line

### The Small Business Resource Guide

What You Need To  
Know About Starting  
And Running Your  
Business



Nation's Business

YES, please send me

**The Small Business Resource Guide**

To Order Multiple Copies **Only**, Call (202) 463-5433

Check enclosed for \$6.95

(Includes \$1 for shipping + handling)

Please bill my credit card

(Not applicable to single copy requests)

Visa

MasterCard

American Express

Card No. #

Exp. Date

Name (Please Type or Print)

Signature

Address

City

State

Zip

Nation's Business, Circulation Department, 1615 H Street, N.W., Washington, D.C. 20062



# To Your Health

*Managing well includes managing your own health; here is advice to help you do that better.*

By Phyllis M. Barrier

## Getting Smart When You're Pushing A Grocery Cart

Eating right begins with buying right. But what does that mean when you go to the supermarket?

Your first priority when you're shopping should be to limit your consumption of fat. Excessive fat has been linked not just to heart disease but also to increased risk for cancer.

As we work our way through a typical supermarket, let's stop first at the meat counter. This is where you can do the most to hold down the fat in your diet.

The National Heart, Lung, and Blood Institute, an arm of the National Institutes of Health, recommends limiting meat, fish, and poultry to 6 ounces per day, cooked weight.

That can be divided up during the day however you like—2 ounces at lunch, say, and 4 ounces at dinner.

A 4-ounce raw serving equals (when there is no fat or bone included) 3 ounces cooked. If you're buying dinner for three people, 12 ounces of lean ground round would equal three cooked portions of 3 ounces each.

Poultry is lower than meat in both saturated fat and total fat, and fish and shellfish are lower still—but poultry is an excellent low-fat protein source, as long as you don't eat the skin. When you do choose meat, select lean cuts that can be trimmed of all visible fat.

Next stop: the dairy counter, another critical front in the war on dietary fat. Whole milk has 17 times as much fat as skim milk. If you don't like skim milk, try 1 percent milk. You should limit the amount of cheese you eat, since cheese is high in saturated fat.

You should also check packaged, processed foods for their fat content. Look for a label that identifies the number of grams of fat in the serving size. Multiply the number of grams of fat by nine—since

there are nine calories in a gram of fat—to get the "fat calories" in the serving size. Divide the number of fat calories by the total number of calories shown for the serving size, and the result is the percentage of calories from fat. You should try to hold fat intake below 30 percent of your total calories.



PHOTO: GRIFF, CANTON/GRAPHOTO

**The meat counter** should be where you try hardest to hold down dietary fat.

(If you don't want to shop with a calculator, you can use this quick method for figuring the percentage of calories from fat: Check the label and make a rough estimate of the number of grams of fat for each 100 calories in the serving size. If you are evaluating a product, and a serving size contains, say, 310 calories and a total of 8 grams of fat—or a little less than 3 grams per 100 calories—you can tell with some fast mental computation that fat accounts for roughly 25 percent of that product's calories.)

Remember that 30 percent is an average. Some items are very high in fat (such as mayonnaise, at 99 percent) while others have virtually no fat (fruits and vegetables), so you're striving for an overall balance.

When you compute the percentage of fat calories in an item, your goal should be to make a better selection among similar products. Two frozen desserts may have similar calorie counts, for example, but one may have a percentage of fat two or three times higher than the other.

Remember too that a label saying "low cholesterol" or "no cholesterol" does not mean "low in fat."

When you're shopping for a margarine, choose one that lists a liquid oil as the first ingredient. When selecting an oil, consider a monounsaturated oil such as canola or olive oil. Whenever possible, choose a low-fat version, but remember that the low-fat margarines contain water and will splatter if you try to heat them in a pan.

You should also be alert to sodium content when you're buying processed foods. The recommended daily amount of sodium for a healthy adult is about 3,300 milligrams, or a little more than 1 teaspoon. Think about cutting back on very-high-sodium foods, such as pickles, canned soup, cured meats, sauerkraut, and snack foods.

When you come to the produce department, fiber should be on your mind. The National Cancer Institute recommends consuming 20 to 30 grams of fiber each day; that means eating at least four fruits or vegetables. Likewise, you should look for cereals

with at least 4 grams of fiber per serving (check the label), and when you're in the bakery, buy multigrain or whole-grain breads.

If you reduce the fat in your supermarket purchases, but your weight is already where it should be, you must replace the fat calories you've eliminated. You can do that by eating more complex carbohydrates—potatoes, pasta, vegetables, and fruits.

You may think it will take hours to shop if you examine all the items in your supermarket. Instead, plan a week's menus, make a food list, and shop selectively for the items you need.

You will discover that you can shop healthfully more and more quickly as time goes by.

*Phyllis M. Barrier is a registered dietitian and nutrition coordinator for a Washington-area health-maintenance organization.*



# It's Your Money

*A monthly survey of strategies, tactics, tips, and suggestions to help you with your personal finances.*

By Peter Weaver

## CREDIT CARDS

### When You Use Your Phone Card, Watch Out For "PIN Peepers"

You are at a pay phone in an airport, a hotel lobby, or some other crowded place, and you punch in your long-distance billing number to make a call. It's a routine procedure—what's there to worry about?

Watch out. You could get hit by a "shoulder surfer" or "PIN peeper." Those are telephone-company slang names for card-number thieves.

"Someone will 'accidentally' bump you with his shoulder," says AT&T spokeswoman Sally Sherwood, "and while he's at it, he gets a look at your card number."

Others watch what personal identification number (PIN) you punch in as you call, or listen in from the next booth as you give your number to the operator.

"Sometimes," says Sherwood, "they even work from upstairs balconies to spot your number with binoculars."

Using your name and number, the person can then make a number of major

long-distance calls on your account. Or a thief may sell the stolen phone number to other communications crooks or to drug dealers.

In another variation on card-number thievery, a person pretending to be a phone-company official calls your office or home on the pretext of checking out a service problem and asks for your card number. Later on, you really will have a problem—in the form of a massive long-distance phone bill.

AT&T's Sherwood offers these tips for foiling the phone thieves:

- Never give your card number to anyone on the phone or use your card as identification for cashing a check.

- When you are at a pay phone in a crowded area, put your hand over the punch pad when you're entering your number, and cover your mouth when you are speaking the number.

- Use card-reader phones whenever possible. Thieves can't see what number is being entered.

- If you suspect your number has been



PHOTO: © GEORGE OSBORN, THE STOCK MARKET

**When you read your card number to an operator, who else is listening?**

pilfered, or if you get a huge unexplained bill, call your long-distance phone company's special service 800 number. It's on the card.

## INVESTMENTS

### Brokers' Margin Accounts: Quick Money, Low Interest

If you own securities held by a broker, you can use them as collateral to get a quick and easy loan from the broker. These days the interest rate is usually set at a competitive point and a half above prime (the rate banks give their biggest and best customers).

You can also get a tax break on the interest you pay, depending on how you spend the borrowed money.

"In general," says William Brennan, a spokesman for the Ernst & Young accounting firm in Washington, D.C., "the interest on margin loans is deductible only when you use the money to purchase more securities."

However, if you use your loan for some other purpose, such as buying a car, you get quick cash at a competitive rate, but no tax break.

"Even if you spend the money on more securities," says Brennan, "you may not get a tax advantage if your account contains municipal bonds or other tax-free investments."

How much can you borrow on your securities?

Most brokerage firms will lend up to 50 percent of the current value of stocks and up to 90 percent of the value of bonds.

### Money-Market Funds With Government Backing

Deciding where to put easy-access cash these days is a choice between money-market funds and short-term certificates of deposit.

The typical money-market fund, with a portfolio of very-short-term commercial paper, is paying a lower rate than most three-month and six-month CDs.

But money-market funds that are 100 percent invested in short-term U.S. Treasury obligations and other qualified government securities have a specific tax advantage that puts them even with, or ahead of, short-term CDs. With these funds, you don't have to pay most state and local income taxes.

And, of course, because their portfolios

contain only government-backed securities, there is virtually no risk involved.

"This makes a good parking lot for your money," says William E. Donoghue, publisher of *Donoghue's Moneyletter*, "and it gives you a lot more flexibility than you get with CDs." You can take all or part of your money out at any time with just a phone call, and there's no penalty. You can even write checks on your account, Donoghue notes.

"You have to be careful," Donoghue says, "because not all money-market funds with government securities get the state and local tax breaks." Some, he says, are made up primarily of "repurchase agreements" for government securities. "They're certainly safe enough," Donoghue says, "but you have to pay state and local taxes on the income."

Donoghue has identified five funds that contain nothing but qualified government securities and, at least for now, are not charging any sales commission or management fee.

You can get the list, along with tips on investing in money-market funds, in a free report called "Safe Investing," by calling 1-800-445-5900 or writing *Moneyletter*, 116 Prospect St., Seattle, Wash. 98109.



Peter Weaver is a Washington-based columnist on personal finance.



## INSURANCE

## Automobile Medical Coverage: Is It Worth The Extra Cost?

You may have wondered why you need medical coverage in your car insurance package when you're already covered by your company's health-care plan.

A few states still make this coverage mandatory for you and your passengers, but an increasing number of states are making the coverage optional.

"Some people choose to buy automobile



PHOTO: OSAMU PALMER—THE STOCK MARKET

**Injured passengers may have to sue if you don't have medical coverage.**

medical coverage even though they have a good family health plan," says Edward Crouch, who heads Crouch Insurance Service, in Fairfax, Va., "because they want to protect their passengers."

If you have an accident while taking children to school or while driving car-

pool members, Crouch explains, your passengers may have to sue you to get their medical bills paid. Having medical coverage on your auto insurance takes care of this situation.

Another consideration: Your family health-care insurance may have deductibles and coinsurance requirements that leave gaps in the coverage. For example, if you have \$5,000 worth of medical bills as the result of an accident, you may have a \$250 deductible and may have to pay 20 percent of the cost above that figure. Automobile medical coverage would take care of those payments.

"Some states require automobile medical coverage," says Peter van Aartrijk, a spokesman for the Insurance Information Institute in New York, "but the minimum amount may be too low for the exposure you have."

Your insurance company can tell you more about such coverage.

## AUCTIONS

## Gateways To Bargains

Your first visit to a major auction may be intimidating: All those people nodding or wiggling fingers to show bids! You may crave a fine antique, but you hold back, convinced that professionals would bid against you and squeeze you out.

But with preparation, you can enjoy auctions and maybe acquire some treasures.

Get the auction company's catalog, and choose an item or two you might like. Price similar items at various dealers, and decide on a top bidding figure. Then attend the auction and make practice bids to yourself—no words or gestures. See if you could have bought the item for a price below your bidding cap.

If you can attend some auctions with a dealer or other expert who can show you the ropes, so much the better.

on an hourly fee basis. Or, if you need more help searching for the right home in the right neighborhood, your broker might collect a fee based on a percentage of the sale price.

"Buyer brokers are relatively new in the marketplace, and you may have trouble finding one," says Nancy French, who is both a buyer's and a seller's broker for Sayers Realty Inc., in Boca Raton, Fla. French suggests you ask your real-estate lawyer, lender, and local real-estate companies if they know of brokers who offer services to buyers.

If you find one, be sure to have all performance requirements and responsibilities spelled out in a contract. How will the fee be paid? What's the contract limit—two, three, four months? If no suitable property is found, will you pay for the broker's time or will the fee be waived?

## ESTATE PLANNING

## Avoid The Pitfalls In Choosing An Executor

When you're drawing up your last will and testament, more likely than not you will nominate your spouse, some other family member, or a close friend to be the executor. You'll think it's a nice gesture, an honor.

"Serving as an executor or trustee," says New York attorney Edward S. Schlesinger, "is no honor, nor is it a game for beginners."

What you're looking for in an executor is someone who is trustworthy, financially knowledgeable, and responsible. If your spouse, other family member, or friend meets those criteria, fine. You should be well-served.

If not, you may be better off nominating a professional executor who works for a bank trust department or trust company. "People with large estates," says William Wilkie, senior vice president with Bankers Trust Co. of New York, "are almost always better off nominating a professional, corporate fiduciary."

Obviously, some professionals are better than others. It pays to shop for the right trust organization and the right trust officer to handle your affairs when you are gone.

"It's not a bad idea to have your spouse, or some other person close to you, be a co-executor with your professional executor," says Schlesinger. That way, you can get competent management skills along with a personal touch.

How much does trust management cost? "Around 2.5 percent of the estate's value," says Wilkie, "and it can cover work that might run on for two or three years."

Trust departments are natural places to look for help—but, you may ask, what about your lawyer?

"People think you should have your lawyer as your executor," says attorney Schlesinger, "but it's not necessary, and it may even be a mistake." One potential problem area: Your heirs can't fire a lawyer who is also the executor of the estate.

"Most lawyers," Wilkie says, "are not experts on managing investments and might be too busy to give full attention to the administration of your estate."

If you move to another state, you may want to change—or may have to change—your current executor.

"Some states have restrictions on who can serve as an executor," Schlesinger points out. Wilkie warns that "an executor who is hard to reach in another part of the country may not be your best bet."

Remarriage is another situation that might lead you to consider selecting a different executor. If you nominate your current spouse, Schlesinger says, "he or she might make self-serving elections at the expense of the children of the first marriage."

## REAL ESTATE

## Home Buyers' Brokers: Someone On Your Side

Even though the real-estate agent who takes you around to look for a home may be charming and helpful, he or she is obligated to work for the seller's best interests—not yours. The seller pays the commission and expects the agent to get the highest possible price. You, of course, want to pay as little as possible.

Enter the buyer's broker. This real-estate agent works for you—to get the best house for the best price.

"Real-estate brokers are licensed to act as buyers' reps as well as sellers' reps," says Peter G. Miller, the author of *Inside the Real Estate Deal* (HarperCollins, \$21.95).

If you know what house or houses you want and just need some help on clinching a good deal, you might hire your broker



# For Your Tax File

*What you need to know to keep taxes from overtaxing you.*

By Albert B. Ellentuck

## WITHHOLDING

### Some Part-Timers May Not Be Exempt

Many businesses that employ students or other part-time workers often handle withholding incorrectly: They do not withhold income taxes, believing that these employees are automatically exempt.

A student or part-time employee can be exempt from withholding only by complying with three requirements: First, the employee must not have owed any tax last year. Second, the employee must expect to owe no tax this year. Third, if the employee has more than \$550 of



PHOTO: BOB DAEMERICH/IMPHOTO

**Part-time employees** can be subject to income-tax withholding.

income (which includes non-wage income), he or she may not be claimed as a dependent on someone else's return.

An employer cannot always be certain that an employee meets all these criteria. If the employee marks "Exempt" on Line 6 of the Withholding Allowance Certificate (W-4), indicating that the employee believes he or she qualifies, then the employer generally can rely on it.

If an employer is required to withhold and doesn't, and the individual does not pay the required income taxes, the employer can be held liable for those taxes.

## AMENDED RETURNS

### Sometimes A Good Idea, Other Times A Must

A taxpayer who discovers after filing a return that a deduction of, say, \$20,000 was not taken faces a dilemma. Conventional wisdom says you shouldn't amend your tax return because the amendment will generate a tax examination by the Internal Revenue Service. But why give up legitimate tax savings of as much as \$6,600?

In fact, there are times when an amended return is a good idea and other times when it is a must.

Suppose, for example, you receive income every year from a partnership in which you invest. This year, however, there was a slip-up, and the partnership did not send you the tax information—Schedule K-1—until after you filed your return.

Should you amend your 1990 return to include the partnership income?

Definitely.

It is not advisable to omit any item of income from your return. You could get hit with either civil or criminal fraud

penalties when the Internal Revenue Service matches your return with the Schedule K-1 that the partnership files with the IRS.

Any item that would be a red flag to an IRS reviewer examining your initial return would also be a red flag to the IRS if you amended it.

On the other hand, if you amend an item that itself is not a red flag, the IRS is not likely to automatically audit your entire return.

For instance, if you amend your return to take a deduction that you had missed and if that deduction is not unusual, your action would not likely generate an IRS audit.

Some examples of other normal situations that should not cause any problems are amendments to recover Social Security overpayments, or to correct an error in your filing status, or to show that an item you reported as income was in fact tax-exempt.

But if the deduction or other change is questionable or unsupportable, be careful. If the IRS reviews the change and finds it to be incorrect, the agency not only might disallow that change but also might audit the entire return.

The types of changes that could raise a red flag include large charitable gifts of property, casualty losses, large medical expenses, tax-shelter losses, and substantial deductions for travel, entertainment, and automobiles.

The bottom line is that if the change is legitimate, it should cause no problems

for you, and you should amend your return to get the benefit of the tax savings to which you are entitled. And if you omitted income or took a deduction you were not entitled to, by all means amend the return.

Such an amendment would not ordinarily trigger an examination—and in any event it should help avoid penalties and interest.

When in doubt, check with your accountant.

You can amend a return to claim a refund within three years of the date your original return was due or three years from the date you filed if you had an extension.

Or you can amend within two years from the date you paid your tax for that year if that date is later than the three-year measuring period.

Note that refund claims based on bad debts or worthless securities may be filed up to seven years after they become worthless.

You can amend your return by filing Form 1040X, which is much simpler than filing a corrected return. The Form 1040X is a single page, and you need only identify changed items.

Be sure to use certified mail and request a return receipt, in order to prove that you filed on time.

And when you amend your federal return, you should also amend your state return if the item is treated similarly. The IRS will usually notify the state of the change.



Tax lawyer Albert B. Ellentuck is a partner in the Washington law firm of Colton and Boykin. Readers should see tax and legal advisers on specific cases.



# Franchising

*Home-based franchisees find that being one of the neighbors can be a marketing plus.*

By Meg Whittemore

## At Home With Franchises

**M**ore than 13 million home-based businesses operate throughout the United States, and the number is growing. LINK Resources, a New York-based research organization, says the number of people trading a daily commute for work at home is on the upswing.

For the franchisors of certain services and products, an overall growth strategy often includes having franchisees operate from their homes—an arrangement that can provide a marketing plus. The advantage is explained by Lynie Arden in her book *Franchises You Can Run From Home* (John Wiley & Sons):

"Being able to call a service provider at home gives consumers the sense that they are receiving personal attention, something that is often hard to find these days."

Rebecca Brevitz, owner of Pet Nanny of America, based in Lansing, Mich., agrees. Her business offers care for pets at their owners' homes while they are away. Care can include feeding and exercising the animals, cleaning litter boxes and cages, watering plants, and picking up the mail. Fees range from a low of \$8 per 30-minute visit in Flint, Mich., to a high of \$17 in Washington, D.C.

Most Pet Nanny franchisees operate out of their homes, Brevitz says, and pet owners regard them as neighbors looking in on their pets. "Running the franchise from the home is almost a requirement," says Brevitz. "It gives pet owners the feeling that they are dealing

with their neighbors and not some stranger operating out of a strip mall."

Brevitz depends on this neighborly feeling in her marketing strategy. She solicits new business from her clients' neighbors, and she uses the clients as references.

Opened in 1983 and franchised in 1985, Pet Nanny now has 24 franchises. Sales last year reached \$1.4 million. Brevitz says she plans to double the size of her company within the next two years.

Seeking clients through referrals and networking rather than expensive advertising campaigns is critical to the survival of home-based franchises such as Pet Nanny. Brevitz encourages her franchisees to become known to the businesses in and around their neighborhoods. "We don't deal in the hard sell," she says, "but we do want those businesses that have high traffic to know

## Earn \$5,000 Per Month



### Making Personalized Children's Books

Turn a small investment into that profitable full or part time business you have always dreamed about!

An excellent home operated business! Books sell fast in stores! At fairs! Parties! Malls! Or mail order... anywhere there are people. It's easy to make \$4,000 to \$8,000 per month making and selling our exciting line of personalized books (for children & grown-ups.) Personalized audio tapes and stationery available also.

Find out how to build a business of a lifetime!

Call (214) 353-9999  
TODAY!

or write



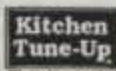
My Very Own Book, D&K Enterprises, Inc.  
2953 Ladybird Lane, Suite 10, Dallas, TX 75220

## \$9,995 FINALLY A FRANCHISE YOU CAN AFFORD

Maybe you haven't heard about Kitchen Tune-Up yet, but you will. This unique service makes kitchen cabinets and other wood surfaces look new in just a few hours and for a fraction of the cost of replacing or refinishing. Our service is needed by every residential and commercial location and we are the only ones who have it.

Kitchen Tune-Up is a full-time home-based franchise with low start-up costs and high income potential.

800-333-6385



Rated #1 in  
Its Category  
1990 & 1991  
Franchise 500

"The Wood Care Specialists"

## Own your own scholarship consulting business.

15 million students desperately need help in locating money for college every year. Let us show you how to earn an excellent income matching students to over 28 billion dollars in scholarships, grants, and student aid programs.

### NO EXPERIENCE NEEDED

We train you step-by-step

- Immediate income.
- Operate part-time or full-time directly from your home.
- Can be conducted by "direct mail" you never need to see a student.

**only \$495.**

Initial start up costs

CALL TODAY FOR FREE  
INFORMATION PACKAGE

**1-800-553-1310**

ask for ext. 75

or write

**MONEY FOR COLLEGE**

11846 Balboa Blvd.  
Granada Hills, CA 91344



about us so they can make referrals to their customers."

Another franchise that uses personal contacts, one-to-one marketing, and a referral network is Building Inspector of America, a home-inspection service based in Wakefield, Mass.

"We don't just open up, mail out some ads, and wait for the customers to come," says Larry Finklestone, the company's director of sales and marketing. Building Inspector franchisees develop referral arrangements with area real-estate agents who see a clean bill of health for a house as an advantage in trying to sell it.

Finklestone says his business is as much marketing as it is home inspecting: "We are seeking franchisees who are comfortable going to a Rotary lunch. They must know how to market themselves in the community."

Most home-based franchises offer a product or service that is customized and delivered to the client's home or office. For example, Priority Management Systems, a Bellevue, Wash.-based franchise, offers on-site management training for middle- and upper-management executives. Last year, the firm rang up \$37.5 million in gross revenues from its more than 250 franchises worldwide.



PHOTO: GROWARD LEE

**Pet Nanny owner Rebecca Brevitz encourages neighborliness.**

Swisher International, Inc., another firm whose franchisees are home-based, provides restroom-cleaning services for public agencies as well as private companies. It now serves more than 13,000 clients, and founder Patrick Swisher says his franchisees are signing an average of 250 new customers a month. Headquartered in Charlotte, N.C., Swisher International's sales totaled \$5.3 million in 1990.

Operating a franchised business out of

the home means lower start-up costs and minimal operating costs. Pet Nanny's franchise fee is \$7,100. A Building Inspector franchise costs \$14,900 to \$19,000 to set up, depending on the territory. A Priority Management Systems franchise costs \$29,000, and Patrick Swisher charges a \$35,000 fee for his franchise.

By comparison, site-location franchises may cost \$100,000 or more, depending on location.

The benefits of working from home may be offset, however, by the isolation that some people feel when they work alone. But a franchisor's support can help the franchisee overcome that feeling. By owning a home-based franchise, says author Lynie Arden, "the potential isolation of working at home is overcome by having an organization to connect with."

Brevitz and Finklestone stress that strong support for the franchisee often makes the difference between success and failure. Still, says Brevitz, "we look for an inner-directed ambition" in potential franchisees.

Home-based franchises are here to stay, according to Arden. "The great American dream used to be a starter home," she says. "Now it is self-employment."

18

## Sample IMPORT FREE!



B.L. Mellinger III  
President/CEO  
The Mellinger Co.

Shows how to make  
**BIG MONEY** in your

## MAIL ORDER HOME IMPORT BUSINESS

**MEN-WOMEN...** be your own boss! Learn how to get rich! Get fast start in high profit home based Import/Mail Order business. Giant Export profits, too! Four generations of experience guide you step-by-step with proved Mellinger Plan. Start without product investment. Age, experience, location not important. Write today for actual FREE Sample Import product and FREE Condensed Mail Order Course. No obligation.

**Buy Below Wholesale!**

Start with <b>24,221</b> Newest Import Products	FIELD GLASSES \$1.95	MANI CAMERA \$2.20
DIAMOND SAPPHIRES \$1.95	STUN GUN \$9.60	GRAND-EXTER CLOCKS
HAND KNIFE \$2.95		

## FREE IMPORT and FREE REPORT

B.L. Mellinger III, The Mellinger Co.  
Dept. 00000, 6100 Varil Ave., Woodland Hills, CA 91367  
Rush **FREE SAMPLE IMPORT** and full facts about  
Mellinger Home Import-Export/Mail Order Plan.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

## Earn \$4,000 Per Month From Your Home With A Computer!



**FREE CBS 386 SX Computer**

how to run, a computer — we will provide free, home office training. Financing available.

*Find out how other couples, and individuals like yourself, are building a lifetime income!*

To receive a free cassette and color literature, call toll-free:

**1-800-343-8014, ext. 32**

(in Indiana: 317-758-4415) Or Write:

**Computer Business Services, Inc., CBC Plaza, Ste. 32,  
Sheridan, Indiana 46069**



## ENTREPRENEURIAL/FRANCHISE OPPORTUNITIES

# OWN YOUR OWN RETAIL APPAREL OR SHOE STORE

Reap The Rewards  
Of Your Own Efforts



WE OFFER  
YOU

A PROVEN AND PROFITABLE  
BUSINESS OPPORTUNITY  
OVER 2000 FIRST QUALITY  
NATIONAL NAME BRANDS

Gain the advantages of business ownership. You can open a store of your own in as little as 15 days...Your choice of store size and merchandise. All the profits are yours. We help you attain success and independence in the fashion field.

We have sold over 3000 stores nationwide. Our "blueprint" for success has been working since 1977. It can work for you too...today.

Investment packages range from \$21,900 to \$31,900. You receive beginning inventory, fixtures (Redwood, Firwood, Brass or Chrome), in-store training or at our National Training Center, airfare for inventory selection, location assistance, individualized printing, training and advertising manuals, promotional ideas, bookkeeping system, news releases, grand opening, continuous assistance and more.

The choice is yours. In addition to our fashion packages for infant/pre-teen, ladies, mens or mens big and tall shop, large sizes, petite department, jean/sportswear, dancewear/aerobic, bridal shop, accessories, lingerie store, sock shop add color analysis. We also offer a multi-tier pricing discount or family shoe store, with first quality shoes at unbelievable discount prices.

Also multi-tier discount ladies, mens and children's apparel stores.  
The first step is up to you.

**High Country  
Fashions, Inc.**  
Since 1977

America's Largest & Oldest Store Opening Service

Circle No. 3 on Reader Service Card.

# ENTREPRENEURS WANTED...

...to operate a worthwhile and very unique service business in their own areas. For 12 years we have helped commercial and industrial businesses get refunds on their utility bills: Gas, Electric, Telephone and Water/Sewage. We do it for a percentage of the savings and have an extremely high success rate.

Studies show that the majority of these bills contain errors. We are now offering the training and guidance to provide this much sought-after service in your own area. Our proven, copyrighted system can net \$2,500 or *much more* per case, and several such transactions each month are *not* unusual. Individuals seeking a six-figure income with \$10,000 in start-up capital should contact Rick Neiswonger for a full-color packet of literature and free videotape hosted by James Whitmore.

**A**AUDITEL  
INTERNATIONAL, INC.

Toll Free (800) 622-2940

## FAX INDUSTRY OF THE 90's

**YOU** can participate with the  
Public Fax Industry's  
International Leader  
with  
**AT&T Enhanced FAX  
Service**

by owning GOFAX Automated  
Credit Card Operated  
PayFAX and Fone Machines

- TOP Locations NOW!!
- 5 to 6 Figure INCOME
- No Selling: PT/FT-Turnkey

Cash Requirement: \$ 29,000  
Immediate Start for this  
Limited Opportunity

**GOFAX, Inc.**

Call 1-800-233-4341

(FAX: 401-455-3537)

ENDORSED



Circle No. 24 on Reader Service Card.

## ATTENTION ENTREPRENEURS

LIMITED  
OFFER

GROUND  
FLOOR

**Comp-U-Diet**



### WANTED:

Doctors throughout the U.S. to help us service over 150 million overweight Americans who need our alternate plan.

If accepted, your cost is only \$495.00. Your profit potential: \$1200 a week & up.

Comp-U-Diet is a revolutionary new diet plan of the 90's that is sweeping the country. People select the foods they like and our computers create a personalized plan for your clients.

NO PILLS-NO POWDERS

NOT MULTI-LEVEL

### There is:

- no selling or customer contact
- no billing or collecting
- NO EXPERIENCE necessary (we provide complete training and support, and do all of the computer processing)

Don't  
Wait

Territories  
Going Fast

CALL NOW FOR FREE MAIL-OUT BOOKLET:

1-800-942-9900 ext. 302

Mon-Fri 9 am-5 pm Eastern Time

UNITED AMERICAN MARKETING, INC.

28003 Center Oaks Ct.

Wixom, MI 48393



Circle No. 3 on Reader Service Card.



# Classified Ads

## Classified Rates And Information

To place a classified ad CALL TOLL FREE: 800-424-6746 (in Washington, DC call 463-5640) or write Nation's Business Classified, PO Box 1200, Washington, DC 20013. Closing date for advertising is five weeks preceding date of issue. Rates are based on frequency at a per line per insert cost as follows:

1x	3x	6x	12x	—frequency
\$53	\$47	\$41	\$28	—line rate

Ad minimums: solid set, 3 lines; display, 1 inch.

## How To Reply To Box Numbers

Box (number in ad), Nation's Business Classified, PO Box 1200, Washington, DC 20013.

## ADVISORY SERVICES

TRADEMARK SEARCHES, EXPEDITED REGISTRATIONS. Keep your good name! Intent-To-Use Applications. Brand-name creation. TRADEMARKERS 301-229-7777.

## AUTOMOTIVE

SEIZED CARS, trucks, boats, 4-wheelers, motorhomes, by FBI, IRS, DEA. Available your area now. Call (805) 682-7555 Ext. C-1389.

## BUSINESS OPPORTUNITIES

MAILORDER OPPORTUNITY! Start profitable home business in America's fastest growing industry. Nationally known authority will teach you. Write for free book, sample catalog, plus details. No obligation. Mail Order Associates, Dept. 61, Montvale, NJ 07645.

### BELIEVE IN YOURSELF

Join the ranks of America's Entrepreneurs  
TAKE THE FIRST STEP Towards  
FINANCIAL INDEPENDENCE.

Become a Comp-U-Diet DEALER if you qualify.  
\$485 provides PROFIT POTENTIAL of \$1,200/week & up.

No experience necessary

We do all the computer processing.  
CALL NOW for a FREE mail out booklet  
1-800-942-8900 Ext. 303 M-F 9-5 EST

United American Marketing, Inc.  
28003 Center Oaks Court, Waco, MI 48093

## HIGH PROFITS WITH YOUR COMPUTER

Each Color Story an Educational Tool  
Creating Children's  
Personalized Books

- High Quality Hard Bound Books
- Home Based or On Location
- Limited Number of Dealers Available

For more information call or Write:

**MY STORY BOOKS, INC.**

11408 Audelia Rd., • Suite 4845  
Dallas, TX 75243

**1-800-245-7757**

## BUSINESS OPPORTUNITIES

Free Newsletter reveals America's hottest new ventures producing substantial incomes from tiny investments  
Researchers, Box 5594(H), Bellevue, WA 98006.

### BIG PROFITS!

People call you to order grocery coupon program. 1-800-634-8892, Ext. T12.

BE YOUR OWN BOSS! 1001 fast, easy ways to make money! Free! Rush name, address. Money Making, Dept. NB, Box Z, Studio City, CA 91614.

NEW RESTAURANT BUSINESS? DON'T open your new restaurant without calling us first! We'll save you big losses! 1-305-970-1120: The Restaurant Doctors.™

FINANCE YOUR NEW/EXISTING BUSINESS. Government grants/loans to \$500,000. Information: \$2.00. FedFunds, Box 600796-NB99, San Diego, CA 92160.

BECOME A REAL ESTATE APPRAISER \$100,000 plus potential. Home study. Earn professional designation. Free literature. 800-362-7070. Dept. RK637.

FREE REPORT: Earn up to \$7,000 monthly as Loan Broker without experience or investment. Start part-time. Financial, Box 3578-BN, Anaheim, CA 92803.

AS SEEN ON TV! Earn a good monthly income processing FHA mortgage refunds. ONLY SERIOUS INQUIRIES PLEASE!

(1-800-235-5342)

ENTREPRENEURS. Timing is everything. Our business opportunity is now. If you have the desire to be financially independent with an explosive company with intl. markets call 1-800-256-4019 for 24hr. recorded message.

### SELLING PLUMBING PARTS, REPAIRS

To local hospitals, hotels, apartments, schools - your metro area. Lifetime career, excellent commissions. 600 page catalog. Jeff 1-800-229-5315.

BURNT OUT? If you are, call & find out what many top Executives & Professionals are doing about it. Many experts have called this the finest business opportunity in the last 25 yrs. 1-800-741-2585 (24hr. Rec. Msg.)

### \*\*\*AMERICAN DREAM\*\*\*

Nationwide business & invest. opportunities. Interested in buying or selling a business/property. No broker commission. 1-800-777-8836 Fax: 714-435-3607, Promatch Adv.

BELIEVE IN YOURSELF! Start your own profitable business at home. No experience necessary. Write today for free information. Evergreen Publications, Dept. 2003, RR 6, Box 814, Lancaster, SC 29720.

### BIG INCOME AS A REP

How to get started. Lines offered. Group programs. United Assn. Manufacturers' Reps, Box 6266-N, Kansas City, KS 66106. (913) 268-9468.

"SELL MONEY." Become a Loan Broker! Free details. Dept. NB-231, Financial Planning, 126 13th St., Brooklyn, NY 11215. (718) 768-8803. Extension 200 (24 Hrs.) FAX 718-965-3400.

EARN QUICK CASH: Buy Sell Government seized houses, autos, computers, boats, furniture, stereos, etc. Everything dirt cheap. Free Details: Seizures, Box 4309-BN, West Covina, CA 91791.

MAKE YOUR DREAM COME TRUE. EARN \$60,000 YEARLY REPAIRING, NOT REPLACING, SMALL CRACKS IN WINDSHIELDS. TOLL FREE 1-800-826-8523 (US/Canada) or write: GLASS MECHANIX, INC., 10170 NW 47th ST, Sunrise, FL 33351.

INCREASE SALES WITH 800 LINE AND CREDIT CARDS  
Telerep 800 is the only 800 line Sales Response Service that answers 800 lines, sells products, stores/ships & then pays you via receipts from major credit cards. Monthly minimum only \$65.00. Write Sandie Olson, Telerep 800, P.O. Box 158, 7431 Balto.-Annapolis Blvd., Glen Burnie, MD 21060. Or call: 800-638-2000. Our 20th year of successful selling for others. Canada: 800-678-4550.

## \$20,000 INCOME IN JUST 7 WEEKS\*

#1 Spare Time Money Maker!

Work from home... pick own hours. No selling. No inventory. No multi-level. Almost no overhead. Age, location, experience not important. Tape and full report free. phone 805-640-1400 Mon-Fri 9-5 or write today.

FREE AUDIO CASSETTE  
& 40-Page REPORT

REAL MONEY

206-K Signal St. Dept. 88  
Ojai, California 93023

## BUSINESS OPPORTUNITIES

JEWELRY BUSINESS - Own a 14K gold and diamond jewelry business. Distributorships \$1,499 to \$6,900. Call: Gold Factory Distributors, 1-800-933-6066.

FURNITURE FACTORY S.E. IL. 14,000sq.ft., equip. excel. condition. Producing solid oak furn. Excellent growth potential. \$300,000, r.a. optional. 618-395-4648.

LET THE GOVERNMENT FINANCE your small business. Grants/loans to \$500,000. Free recorded message: 707-445-8600. (HS2)

STARTING YOUR OWN COMPANY? Save time, money & effort with ABC Pre-Business Plan. Unique concept determines what type of Business Venture suits you best. Free info: Wardian Corp., Box 1018A, Reisterstown, MD 22136.

FOR SALE: 7 yr. old Soft Luggage Mfg. Co. Turnkey operation, inventory, machinery, real estate, trained staff. 3 stores, 3 divisions. \$350-400K yearly. \$125,000. Mike Baker: 518-873-2665. Beautiful location in Adirondack Mtns.

MAKE MONEY WITH FOREIGN INVESTORS. Top finder's fees paid. Dept. 991NB1, THE GLOBAL EXCHANGE, 419 N. Newport Blvd., Ste. B, Newport Beach, CA 92663-4271. 714-722-9260.

EXCITING POTENTIAL. Established natl. formal dress rental business in VA. Dresses designed by recognized university, full inventory & est. dealer base. Serious inquiries only please: 1-800-476-4928.

## BUSINESS SERVICES

### COMMERCIAL COLLECTIONS

Delinquent accounts collected quickly! For immediate results call Arthur Ellis or Marty King: 1-800-327-9714.

FREE MEDIA COVERAGE WORTH THOUSANDS OF DOLLARS for your products, services. FREE information! Wealthplan, Box 249-B, Bayside, NY 11361.

DO YOU DO OVER \$100 A MONTH in long distance calling? Save up to 21% by joining the One Network's long distance savings plan utilizing AT&T SDN. 1-800-843-7825.

FREE NATIONAL ADVERTISING! Get a steady flow of information requests for your product/service/opportunity on a Per Inquiry basis. RHI Group 1-800-526-1242.

PATENT ATTORNEY in Boulder, CO provides quality patent services for individuals and companies nationwide via mail at affordable fixed fees. Call John Flanagan (303) 449-0884 for free info. about services.

WHOLESALE GOLF, STAFF SHIRTS, T-SHIRTS. Your logo/message or our custom art screenprinted. BUSINESS, CLUBS, RESORTS, TEAMS EVENTS, SPECIAL PROMOTIONS. Best USA quality, service, price, delivery. CALL DIRECT: 407-842-1890



## CROSS OUT THE CROOKS

Use HONESTY TEST instead of POLYGRAPH.  
CROSS OUT crooks before you hire.

Learn How POS Corp.

Box 48232, Chicago, IL 60648 or  
1-800-621-4088

## CARPET

CARPET-VINYL-HARDWOOD. BUY DIRECT & SAVE 50-70%. All Major Brands. Select brand, style, color. 1-800-548-5815. Free samples. TC Distributor, Dalton, GA.

TREMENDOUS SAVINGS ON MAJOR BRANDS OF CARPET

From the Carpet Capital of the World

FEATURING CARPETS OF ANSO V WORRY-FREE

"Built-in Resistance to Stain, Soil, Static, & Wear"

Call or write for brochure and samples. BECKLER'S CARPET OUTLET, INC., P.O. Box 9, Dalton, GA 30720. Call 800-232-5537. Established 1949.

Buy direct from mill outlet and save!

Buy Direct. Save 40 to 50%  
Barrett's "CARPET MILL STORE"  
(A MILL OWNED OUTLET)

BIG SAVINGS — All qualities business and home carpets. All major fibers including Dupont (Stairmaster/DM), Allied Anso V Worry Free(R), Monsanto Wear Dated StainBlocker(R). Call, visit, or write requirements, with \$10 for samples (refundable upon return or purchase.) 1-75, ext. 135, (3004 Parquet Rd.) P.O. Box 2945, Dalton, GA 30722. Ph: 1-800-241-4064, ext. 79, GA: 1-800-447-2114.



## COMPUTERS/ACCESSORIES/SOFTWARE

PC USERS - Make money doing electronic data transfers for the government using your modem. FREE DETAILS. GLCIB, P.O. Box 66286, Roseville, MI 48066-6286.

NEW! UNIVERSAL MEMBERSHIP MANAGEMENT SYSTEM FOR PC. Membership, letters, planning, attendance, billing, contributions - Clubs, Organizations, Churches 903/876-2224.

FREE SOFTWARE PROGRAM DISKS. Send \$3.00 S&H. Includes catalog for hundreds of low cost IBM/PC programs. Datamax, 115 E. Vermijo, Colorado Springs, CO 80903-2004.

## TONER CARTRIDGES

REMANUFACTURED **Save 50%**

- HP, Canon, Apple, IBM 4019 and many more!  
Most copiers and DeskJet refills.  
• 100% Guaranteed • 24-Hour Turn Around  
• Darker Prints • 20% More Toner  
• Return Shipment Included • \$42.00 Low Price



To Order Call: 1-800-487-0447  
419-A Whittier Hill, Purdys, NY 10578

## CONSULTANTS

Professional marketing consulting by mail. We build/rebuild your mktg. organization. Ideal for small companies. Selling Point, Box 818, Wheeling, IL 60090. 708-870-0007.

## EDUCATION

UNIVERSITY DEGREES Without Classes! Accredited Bachelor's, Master's, Doctorates. Free Revealing Facts! Thorson-NB-9, Box 470686, Tulsa, OK 74147.

FINISH BA/MS/MBA/PhD/JD by corr. CityUnivLA, 3900 Wilshire Blvd., LA, CA 90010. Degree Prog. for orgs./co's. 60 sem. hrs. reqd. 800-282-8388/213-382-3801.

FREE COLLEGE TAPE External Degrees Business/Public Administration LAW Graduate/Undergraduate, Financial Aid. (800) 759-0005, ext 615. LASALLE UNIVERSITY Mandeville, LA 70470-4000.

PARALEGAL GRADED CURRICULUM. Approved home study. Most affordable & comprehensive. 100 years of legal training. FREE CATALOG. 1-800-826-8228. BLACKSTONE SCHOOL OF LAW, P.O. Box 871449, Dept. NB, Dallas, TX 75287.

BACHELORS, MASTERS, DOCTORAL DEGREES Non-residential programs. Send resume, mention Academic Field, and we'll tell you the credits you've already earned from work experience. No Obligation. SOUTHWEST UNIVERSITY, 2200 Veterans Blvd., Kenner, LA 70062. (800) 433-5925 or 433-8922.

Fully Approved University Degrees! Economical home study for Bachelor's, Master's, Ph.D., FULLY APPROVED by California State Department of Education. Prestigious faculty counsels for independent study & life experience credits (5000 enrolled students, 400 faculty). FREE INFORMATION -- Richard Crews, MD (Harvard), President, Columbia Pacific University, Dept. 7J91, 1415 Third St., San Rafael, CA 94901. Toll free: 800-227-0119; CA: 800-552-5522 or 415-459-1650.

## EMPLOYEE BENEFIT PROGRAMS



Employers Council on Flexible Compensation

Learn About Flexible Benefits  
Lower Employer Expenses  
Keep Employees Happy  
(202) 371-1040

## EXECUTIVE GIFTS

AUTOMATICS, QUARTZ, EXACT WATCH REPLICA, 18 KT. Goldplated, two-tone, top quality. CALL NOW for FREE BROCHURE. 1-800-245-7140.

\*\*\*WATCH REPLICAS\*\*\*

GUARANTEED LOWEST PRICES! Warranty! Goldplated! Exact weight! LIMITED FREE PROMOTIONS! CALL NOW (404) 983-3USA.

## FACSIMILE MACHINES

FAX MACHINES: FAX PAPER  
Japanese fax paper starting from \$3.50 roll. Free fax paper with every machine purchase. Call us today!  
UNITED WHOLESALE 1-800-365-8868

## FINANCE/INVESTMENTS

MEET 1400 INVESTORS with one call. \$4 billion to invest/ lend for business. Free recorded message: (707) 448-3818 (MNS2).

ZURICH'S GNOMES DO IT. You can too! 40% earnings yry with easy, safe, do-it-yourself investment strategy used by giants of world financial centers. Complete details of index option program \$25 ppd. Addendum Assoc., 3A Rue Beaumont, Luxembourg 1219, Grand Duchy of Luxembourg.

## FRANCHISE OPPORTUNITIES/SERVICES

FRANCHISE YOUR BUSINESS  
With the leading consulting firm in the country.  
Franchise Consulting Group, Inc. (800) 358-8011.

ALL NEW 1991 FRANCHISE ANNUAL DIRECTORY fully describes 4,783 franchisors. 635 new listings! Hand-book section describes pros and cons, franchising trends and how to investigate the franchisor. \$39.95 inclusive. Money back Guarantee. INFO FRANCHISE NEWS, 726 K Center St, Lewiston, NY 14092.

## HOME/OFFICE FURNISHINGS

TREMENDOUS SAVINGS ON MAJOR BRANDS OF FURNITURE  
Call or write Loftin-Black Furniture Co.  
111 Sedgehill Dr., Thomasville, NC 27360  
CALL TOLL FREE 1-800-334-7398  
(in N.C. call 919-472-8117)  
NATIONWIDE HOME DELIVERY

## IMPORT/EXPORT

HOW TO IMPORT/EXPORT  
Sources, etc. Kiteco, Drawer 6266-N, Kansas City, Kansas 66106.

DEVELOP EXPORT MARKETS FOR YOUR PRODUCTS  
FIVE CONTINENT ENTERPRISE, INC.  
714-476-3649

## INCENTIVE GIFTS &amp; PREMIUMS

**Build Your Business**  
With Unique Promotional Items by SUN COMPANY, INC.

20 Outdoor Accessories Available With Your Custom Imprint

14025 West 80th Avenue, Arcadia (CA) 90001 U.S.A.  
Fax Products See Good Sports Store 3071 Fax (800) 467-1104

**Timely Reminder**

Special Promotional Offer—\$19.50  
Send us your color logo (stationery or business card). We'll reproduce it on this deluxe quartz watch. Limit: 3 per customer at \$19.50 per watch (plus sales tax CA only).

**GREAT AMERICAN IMAGES**  
One Waters Park Drive, Suite 213 - NB  
San Mateo, CA 94403 (415) 358-0800

## INCENTIVE GIFTS &amp; PREMIUMS

## IMAGE BUILDERS

EMBROIDERED CAPS AS LOW AS \$4.29  
IMPRINTED CAPS AS LOW AS \$2.89



IMPRINTED MUGS FROM \$1.59  
MIN QTY 144 - 1 COLOR

CALL FOR FREE CATALOG

**The Corporate Choice**  
800-792-2277 • In CA 800-826-8585  
FAX 415-786-1111  
3952 Point Eden Way, Hayward, CA 94545

## INVENTIONS

Have an idea? Confused? Need Help? Call Idea Management & Patent Assistance Corp. for free information package: USA/Canada: 1-800-225-5800 (24 hours).

INVENTORS! Can you patent and profit from your idea? Call AMERICAN INVENTORS CORP. for free information. Serving inventors since 1975. 1-800-336-5656.

INVENTORS! Your first step is important. For Free Advice Call ADVANCED PATENT SERVICES, Wash., DC 1-800-458-0352.

INVENTION, IDEA, NEW PRODUCT ASSISTANCE  
Presentation to industry. National exposition.  
1-800-288-IDEA.

INVENTORS: We are a full service marketing and patent development company for inventors. Call TLCI for free information/Inventors Newsletter. 1-800-468-7200, 24 hrs/day - USA/Canada.

## MAIL ORDER

MILLIONAIRE Mailorder Expert Reveals Money-Making Secret! Free exciting, hour cassette: Melvan Powers, No. Hollywood, California 91609.

## MAILING LISTS SERVICES

MAILING LISTS. Every category available. Call for FREE catalog. First National List Service. TOLL-FREE: 800-821-5548 FAX: 1-312-275-4057.

## OF SPECIAL INTEREST

AN INVESTMENT IN HISTORY  
Rare Autographs, Letters and Historic Documents Available. FREE Report, History-Makers™, 5435 N. Emerson Way, Dept. NB-2, Indianapolis, IN 46226. 317-642-9480, Ext. NB-2.

## REAL ESTATE

Oceanfront townhouse on Topsail Island, 2 bdr/2 bath, \$79,900. Beautiful area, excellent fishing, access to inland waterway & bays. Call after 5pm: 803-651-1749.

COLORADO ROCKY MOUNTAINS - Pay a little (\$27,500) Get a lot! (70.2 acres). Incredible views of snow-capped peaks. 719-632-3905 LP.

LANDLORD RENTAL KIT - 20 professional forms designed to improve efficiency, prevent loss. PC adaptable. \$14.95. PO Box 5104, Dept. B, Youngstown, OH 44514.

REPOSSESSED VA & HUD HOMES available from government from \$1 without credit check. You repair. Also S&L bailout properties. CALL (805) 692-7555 Ext. H-1687 for repo list your area.

## TIMESHARES

BUYING/SELLING TIMESHARE  
or Campgrounds? AMERICA'S #1 GUARANTEED. 1-800-777-8836. ProMatch Advertising.

## VENTURE CAPITAL

VENTURE PARTNERS  
We help fund it, you run it.  
1-800-868-4993





City	State	ZIP
------	-------	-----



# Where I Stand

## On Unemployment Benefits

Your response to this poll will be provided to key members of Congress as they consider legislation to expand unemployment benefits.

Send the attached postage-paid response card. Or you can circle your answers, fill out the coupon below right, and fax this page to (202) 463-5636.

- 1.** Should benefits for the jobless be expanded, using existing unemployment trust funds?
1. Yes
  2. No
  3. Undecided

- 2.** Should jobless benefits be expanded if such action means raising employer taxes?
1. Yes
  2. No
  3. Undecided

- 3.** If benefits are expanded, should the expansion be temporary or permanent?
1. Temporary
  2. Permanent
  3. Undecided

- 4.** Does unemployment seem to be growing or receding in your area?
1. Growing
  2. Receding
  3. Staying about the same

- 5.** How has your company's employment been affected by the recession?
1. Employment has risen
  2. Employment has declined
  3. Employment has stayed the same

## Send For Free Product Information

Indicate the advertisers from whom you want more, free information. For faxing, circle the company name. If you mail the postage-free card, circle the product-information number on the card that corresponds with the company name in the listing below.

AT&T Corp. 53  
 Blue Chip Enterprise Initiative 14  
 Buick Motors 2  
 Computer Business Services 5  
 Connecticut Mutual Cos. 59  
 Connecticut Mutual Awards 14  
 Dale Carnegie & Associates 1  
 Executive Seminars in Sound 13  
 Family Business Audio Program 8  
 Federal Express 36  
 GMC Trucks 22  
 Gofax 24  
 High Country Fashions 3  
 Kitchen Tune-Up 18  
 Konica Business Machines 6  
 Management Recruiters 10  
 Mellinger Co. 33  
 Mita CopyStar 49  
 My Very Own Books 37  
 NEC 48  
 Professional Displays, Inc. 23  
 Ryder Truck Rental, Inc. 30  
 Travelodge 51  
 United States Postal Service 17  
 Upsonic 11  
 Varco-Pruden Buildings 9

## Fill out coupon below if you fax your response.

Please tell us how many employees you have: \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

ZIP \_\_\_\_\_



# Important Issues...



## For Small Business

Nation's Business covers the big issues for top managers of small businesses with no-nonsense how-to articles on taxes, trade, employee healthcare, finance, workers' comp insurance, pension plans—plus early economic and government warnings that could affect small business.

To subscribe, call 1-800-937-3667

**Nation'sBusiness**

*The Small Business Adviser*

1615 H Street, N.W., Washington, D.C. 20062



# Congressional Alert

A report on key legislative issues with suggestions for contacting Congress about them.

Addresses: U.S. Senate, Washington, D.C. 20510; U.S. House of Representatives, Washington, D.C. 20515.

## The Quality Of Indoor Air

Congress is considering whether to set new standards for indoor air quality as a result of reports linking health problems to poor air quality in "sick" buildings.

The House and the Senate have held hearings on legislation to dedicate \$25 million over the next five years for research on air-quality factors, such as ventilation standards, and for the development of health advisories.

The measure also calls for \$28.5 million to finance the enforcement of state and local indoor-air regulations.

In the House, the Subcommittee on Health and Safety held hearings in late July on another indoor-air bill, introduced by Rep. Joseph P. Kennedy II. That bill, H.R. 1066, would require the Environmental Protection Agency to issue health advisories about the adverse effects of exposure to contaminants in indoor-air environments.

The U.S. Chamber of Commerce believes air quality inside residential and office buildings should be controlled to reduce potential exposure to substances or organisms that have an adverse effect on human health.

Contributing factors may include biological aspects, such as too many people in an enclosed space, foreign substances, or mold and fungi buildup.

However, the Chamber says, federal controls should not be placed on any substance without basing such controls on a scientific link to health effects and without considering the economic implications of such controls.

Urge your representative to oppose H.R. 1066, and ask both your representative and your senators to support a broad indoor-air strategy that considers the cost of control methods, the degree of human health risk, and such relevant factors as a building's planning, design, construction, operation, maintenance, and renovation.



ILLUSTRATION: RICHARD GAGE

## Health-Insurance Tax Deduction

A health-care tax deduction important to self-employed individuals and unincorporated firms is scheduled to expire in December. The deduction allows unincorporated businesses and the self-employed to deduct 25 percent of their health-insurance costs.

This tax provision was added to the Internal Revenue Code in 1986 to give unincorporated small businesses a portion of the 100-percent deduction available to corporations.

The U.S. Chamber of Commerce supports making the deduction permanent and expanding it to 100 percent.

According to the Chamber, small-business health costs could go up as much as 8.25 percent annually if the deduction expires.

But even a simple extension will require strong support from the grass roots this year. New pay-as-you-go budget rules require that the extension of an expiring tax deduction be offset by measures to increase revenue by an amount equal to the cost of the extension to the U.S. Treasury.

While the importance of the extension to many small firms has been raised by such organizations as the U.S. Chamber in hearings before congressional committees and in visits with members of Congress, there has been little movement by lawmakers toward passing an extension of the deduction.

Urge your representative and senators to support extension of the expiring health-care tax deduction. Ask them to consider the extension as separate legislation—separate from a multipart tax bill—if necessary to win its passage.

Also write House Ways and Means Committee Chairman Dan Rostenkowski, D-Ill., and Senate Finance Chairman Lloyd Bentsen, D-Texas, to urge extension. Their committees will play key roles in any tax-related action.



## Monitoring Employees

Privacy concerns among workers and their representatives have prompted federal legislation to restrict electronic monitoring in the workplace.

Bills have been introduced in the House by Rep. Pat Williams, D-Mont., and in the Senate by Sen. Paul Simon, D-Ill.

The House Subcommittee on Labor-Management Relations held hearings on Williams' bill in June.

While the two bills aim to prevent possible abuse of monitoring, they would restrict all forms of electronic monitoring of workers. Such monitoring is often used to assess worker productivity and accuracy, for example.

The legislation would also require employers to signal employees when monitoring occurs and would allow only the collection of information relevant to job performance.

In addition, it would prohibit the use of electronically observed data as the sole basis of employee evaluations.

According to the U.S. Chamber of Commerce, observation of employees' efforts is essential to good management, and electronic monitoring is often the only practical and cost-effective way to observe and measure employee performance, provide quality control, improve efficiency, ensure workplace safety, protect personal and property security, and control theft and other illegal conduct, such as the sale of drugs.

Contact your representative and senators. Urge them to oppose H.R. 1218 and S. 516, respectively.

Tell them these bills would prevent employers from measuring employee productivity and performance and make it difficult to control the quality and quantity of their company's output. Tell them the legislation would prevent employers from holding their employees accountable for their work.





# Editorial

## You Don't End A Recession By Drawing Happy Faces On Closed Factories

The conflict between the economic reality in the country and economic rhetoric in Washington has never been greater.

The gross national product is likely to decrease this year for the first time since 1982. Durable-goods orders, linked directly to jobs in heavy manufacturing, were down in the most recent report. Unemployment stays high. The credit crunch continues. New taxes were imposed under a 1990 deficit-reduction plan, but the promised reductions in the red-ink tidal wave have vanished. The deficit for the fiscal year starting Oct. 1 is expected to hit an astounding \$348 billion. State and local governments across the country have raised taxes to cope with budget crises triggered by the recession. California, for example, has just enacted a \$7.6 billion tax increase, an economic drain of enormous proportion even for the nation's largest state.

Tax increases will have a relatively severe impact on other states, diverting funds from consumption, savings, and investments into government spending. As these tax increases go into effect in coming months, they will have a serial effect in weakening the economy's ability to recover.

Other signals—too many of them—challenge the theory that recovery is at hand. Business and personal bankruptcies are up. Corporate earnings are down, with many companies reporting massive losses for the second quarter. Major firms continue to reduce work forces. Their prospects for recovery are further choked by still more regulatory burdens on business and the threat of still more tax increases.

While the Bush administration and other optimists cite an anemic second-quarter GNP uptick as proof of recovery, private-sector economists say it is so weak that it points to the possibility of a "double-dip" scenario—a short-lived, tenuous improvement followed by a plunge back into recession.

That is the background against which a parade of federal officials has cheerfully proclaimed in recent weeks that the recession is over and recovery is at hand.

Rather than reassure the nation, those statements court economic disaster. Ignoring reality by pretending that our economic problems are behind us excuses those officials from taking the strong, decisive actions needed for a genuine return to economic health.

Those officials must first recognize that the downturn that began a year ago is not a transient problem but part of a trend that started well before the current recession took hold.

"Over the long term, the economy has slowed rather dramatically," explains William MacReynolds, director of economic forecasting for the U.S. Chamber of Commerce. Since the beginning of 1989, average annual economic growth in real terms

has been only 0.5 percent, sharply below the average annual growth rate of 4.0 percent from 1983 through 1988.

The immediate future is even less promising. See the accompanying chart.

Basically, the administration's economic forecast fails to recognize the heavy drag of the fiscal and regulatory policies that not only contributed to the slowdown and the recession but also are prolonging economic misery, the happy talk of officialdom notwithstanding.

We continue to pursue irrational tax policies. Deficits resulting from increasing spending lead to tax increases that become a license for still more spending, and the deficits continue upward. Recently released administration figures show, for example, that \$133 billion of the \$165 billion revenue increase expected from last year's five-year budget agreement has evaporated. And the prospect of new federal tax increases grew more likely when the House began considering a 5-cent gasoline tax hike.

Those deliberations are symptomatic of the voracious revenue needs that not only drain money from the private sector but also preclude tax incentives for savings and investments.

An economy already staggered by federal fiscal policy faces attacks not only from the impact of recently enacted state and local tax hikes but also from the proliferation of federal regulations in recent years. For example, the costly mandates of the Americans with Disabilities Act will take effect between next January and 1994. Likewise, the Clean Air Act of 1990, which will add an estimated \$25 billion to \$55 billion to business costs, takes effect incrementally from 1993 over the next several years.

Meanwhile, a host of other federal, state, and local regulations will come on line, eroding still further the private sector's ability to operate efficiently and provide jobs.

The economy cannot and will not return to health until government recognizes and corrects problems of its own making.

The economy cannot be wished back to health. It takes realism and hard decisions. Who's going to provide them? Some members of Congress are willing to impose the necessary fiscal and regulatory restraint. While they are in the minority, strong and uncompromising support from the Bush administration could generate sufficient public opinion to build a majority for economic common sense.

President Bush is the key to that effort. He alone can give economic growth initiatives the urgency and visibility they must have to build a pro-growth majority in Congress.

The president must deal with this crisis at home as effectively as he has dealt with crises he has faced abroad.

### Growth-Rate Expectations

% Change in Gross National Product

	1991	1992
Administration	0.8	3.6
U.S. Chamber Of Commerce	-0.5	2.0

Sources: Mid-Year Economic Report of the President, Economic Policy Division, U.S. Chamber of Commerce

CHART: KATHY VETTER



# Free-Spirited Enterprise

By Janet L. Willen



ILLUSTRATIONS: SHARON COHEN

## LOOK! NO HANDS!

Laptop computers are no help when your hands aren't free, so **Park Engineering**, of Spokane, Wash., makes **CompCap**, a voice-activated computer that you wear.

CompCap is available in two models. In the hard-hat version, the 3-by-3-by-1½-inch computer is built into a plastic case attached to the hat. Extending from one side of the hat is a 12-inch, L-shaped arm that contains the monitor, made by **Reflection Technology**, of Waltham, Mass. From the other side hangs a microphone, for data entry.

In the soft-band version, the monitor and microphone are attached to a band that is worn around the head. A cable from the band extends to a pocket in the vest that holds the computer.

The computer weighs approximately one pound, has the power of an XT or 286 computer, and offers 4MB of on-board RAM.

CompCap costs from \$5,000 to \$10,000, depending on the configuration and quantity ordered.

Typical CompCap users include firefighters, paraplegics, and physicians.

## DOWN THE DRAIN

**Con-Tech Industries**, of Creswell, Ore., says its **Future Flush** may save every business money.

The two-handled product is designed to control the amount of water used in flushing. A small inset handle triggers a short flush for liquids and paper, and a longer handle starts a full flush for everything else. The manu-



facturer says the product can save up to 70 percent of the water used in toilets.

And that's no laughing matter.

## THERE OUGHTA BE A LAW

At last, there's a way to stick it to your lawyer. "Poke him in one of his two faces," says Madelyn Miller, creator of the **Attorney Voodoo Doll**.

The 12-inch stuffed doll,



made by **Voodoo To You**, in Dallas, depicts a worried man wearing a dark suit and a red tie, with dollar bills in his breast pocket and an overstuffed briefcase in his hand. The doll comes with three pins and a book of lawyer jokes.

If you don't need the doll now, you may want to plan ahead. *American Demographics* magazine recently reported that by 1995, there could be one lawyer for every 290 Americans. By then, maybe you'll want to pin one down.

## OVERSEAS MANNERS...

If you accept a business card in Ireland and place it in your jacket pocket, probably no one will care. Do the same thing in most Asian countries, however, and you've committed a faux pas.

Roger E. Axtell's new book, *The Do's and Taboos of Gestures and Body Lan-*

*guage Around the World* (John Wiley & Sons), describes more than 200 gestures used in over 80 countries.

Axtell begins with greetings and ends with smiles to explain what's desired behavior, acceptable behavior, and downright rude.

A country-by-country description can help you prepare for a trip in Europe, the Middle East and Africa, the Pacific and Asia, Central and South America, Canada, and even in the U.S.

## ...AND MORES

More help in avoiding faux pas in the global marketplace comes from Yuri Radziewsky, of **YAR Communications** in New York.

Language, ideas, logos, and visuals that sell in the U.S. may not translate overseas, he says. For example, white suggests purity, cleanliness, and weddings here, but it means mourning in Japan. And an auto manufacturer who gave a sprightly name to a model of car later found that in some languages it meant the car wouldn't run.

Radziewsky's firm helps companies market in 80 languages, including Serbo-Croatian, Pinyin Mandarin, Thai, and Urdu as well as French, German, and Russian.





ONE TON

## BUY IT, THEN FORGET IT.

It's a lot easier to keep your mind on the job when your truck has a reputation for reliability. And nothing helps put your mind at ease like a Toyota. Maybe that's why Toyota is the best-selling compact fleet truck in the U.S.\* They'll pull your business along with 150 V6 horsepower and 180 ft.-lbs. of torque, and back you with standard payload and towing capacities of 2,510 lbs. and 5,000 lbs.\*\*

After all, Toyota knows you can't do the work if you can't get to the job. Call 1-800-552-FLEET for more information.

*"I love what you do for me."*



\*Based on R.L. Polk Registrations (12/89). \*\*Payload includes occupants, equipment and cargo. Towing capacity is with manual transmission, GCWR not to exceed 8,600 lbs. Requires additional weight-carrying frame-mounted Class III tow hitch. Get More From Life... Buckle Up! © 1990 Toyota Motor Sales, U.S.A., Inc.





## **"My people think I'm cheap."**

*"I'm not cheap. This is a small business.*

*Sure, I want them to have everything they deserve. I also want my company to be financially stable and to grow. And, I'd like to retire someday.*

*But I didn't think I had the resources to do it all. Connecticut Mutual is showing me I do."*

In business, you never stop learning. From yourself. And from others. Connecticut Mutual Life Insurance Company can help create financial solutions that benefit your employees, your company, and you. For more information call **1-800-FOR-CTML**.

**Success requires Blue Chip resources.™**

**Connecticut  
Mutual**  
The Blue Chip Company

140 Garden Street, Hartford, CT 06154. Proud Sponsor of The Blue Chip Enterprise Initiative™  
Diversified Insurance Services of America, G.R. Phelps & Co., Inc., CM Life, GroupAmerica Insurance Company, CM Assurance, State House Capital Management, CM Asset Advisors  
© 1991 Connecticut Mutual Life Insurance Company

Circle No. 59 on Reader Service Card